The State Capitol

The Virginia State Capitol in Richmond was the first public building in the New World to be built in the Classical Revival style of architecture. It is the second oldest Capitol in the United States, having been in continuous use since 1788. In 1785 Thomas Jefferson, then Minister to France, was asked to find an architect for the Capitol and it was emphasized that the design should unite economy with elegance and utility. Jefferson, who greatly admired the classical style, secured the services of Charles-Louis Clérisseau, a well-known French architect. Jefferson thought that the Maison Carrée, a Roman temple built in Nîmes, France, during the first century A.D., was the most perfect example of the classical style of architecture in existence and he chose it as the model for Virginia's Capitol.

The original building, the central portion of the present Capitol, was a rectangular structure with two principal stories above a high basement. It was built of handmade brick walls scaling from three to five feet in thickness. The Assembly held its first session in the Capitol in October, 1788. The House of Delegates and Senate chambers were on the first floor and the Supreme Court of Appeals and the Office of the Governor were on the second floor. Between 1904 and 1906, the original building was enlarged by the addition of flanking wings. The east wing became the hall of the House of Delegates and the west wing became the chamber of the Senate. Today the Virginia State Capitol is a magnificent monument to Virginia's past and serves well the present needs of the Commonwealth.

Commonwealth of Virginia

S8170-1

Annual Report of the Comptroller to the Governor of Virginia for the Fiscal Year Ended June 30, 1983

Charles S. Robb
Governor

Wayne F. Anderson
Secretary of Administration and Finance

Edward J. Mazur
Comptroller

Additional copies of this report may be obtained from the Comptroller, Commonwealth of Virginia, P. O. Box 6-N, Richmond, Virginia 23215.

Commonwealth of Virginia

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Office of the Comptroller

January 6, 1984

Edward J. Mazur, C.P.A.
Comptroller

P. O. Box 6-N
Richmond, Virginia 23215

The Honorable Charles S. Robb
Governor of the Commonwealth of Virginia
State Capitol
Richmond, Virginia

Dear Governor Robb:

In compliance with the provisions of Section 2.1-207 of the Code of Virginia, 1950, as amended, I hereby submit my report on the financial condition of the Commonwealth of Virginia for the fiscal year ended June 30, 1983.

This comprehensive annual financial report has been prepared in conformance with generally accepted accounting principles, except as noted in the Audit Opinion section of this report, and except as further amplified in the Notes to the Financial Statements. This report represents our further progress toward reporting in complete conformity with the standards established by the National Council on Governmental Accounting (NCGA) and the Financial Accounting Standards Board (FASB). It also represents our progress in conforming to the recommendations of the Municipal Finance Officers Association regarding the format of comprehensive annual financial reports.

The Commonwealth of Virginia is in the forefront of states that are bringing their financial reporting into full compliance with governmental accounting standards. The recent development and implementation of a Statewide property management system and the addition of approximately $1 billion in fixed assets to this year's balance sheet illustrate our commitment to complying with these standards, and also represent other measures taken to ensure accountability for and protection against loss of the Commonwealth's assets. Our objective in maintaining a progressive position in the financial reporting area is to provide the users of our financial statements with a complete disclosure of financial position.

Management's Responsibilities

This report has been prepared by the Office of the Comptroller, whose management is responsible for the integrity and objectivity of the financial statements and other information presented herein. These combined financial statements are considered by management to present fairly the State's financial position, results of operations, and changes in fund balances. We believe the data presented is accurate in all material respects and that all disclosures necessary to enable the reader to obtain a thorough understanding of the Commonwealth's financial activities have been included. Please note also that we have included the opinion letter from the Auditor of Public Accounts, covering his examination of the Commonwealth's Financial Statements for the year ended June 30, 1983.

General Fund Condition—Cash Basis

Since the General Fund of the Commonwealth accounts for approximately fifty percent of the financial activity of the State, it is an important point of focus in determining the financial condition of the Commonwealth. Virginia, for budgetary purposes, uses the cash basis of accounting, which records revenues or expenditures at the time cash is

actually received or disbursed. This basis is a widely used method of accounting, and has been used in Virginia for many years. This Annual Report of the Comptroller contains statements and schedules that present the financial activity of the General Fund of the Commonwealth on a cash basis.

Figure 1 illustrates the total balance of the General Fund at the end of each fiscal year since June 30, 1979, and highlights the undesignated, unreserved portion of that fund balance. The undesignated portion essentially denotes the surplus that existed at the end of each fiscal year. Figure 2 illustrates the manner in which the General Assembly has planned for uses of General Fund balances for the two years of the 1982-84 biennium. The budgeted amounts for capital outlay include $57 million in reappropriations from prior years, plus $115 million in current appropriations. The current appropriations do not include the $28 million in selected capital projects that were frozen during the 1983 session of the General Assembly. The appropriations for 1984 are based on the 1983 Budget amendments as approved by the General Assembly. Finally, it should be noted that, while Figure 2 illustrates that all appropriations for capital projects are due to be expended, in past biennia, capital expenditures have frequently been below the level of appropriations.

Figure 3 illustrates the Governor's actions to stay within the limits of appropriations made by the General Assembly. The analysis of budget versus actual performance is derived from the statement in this report entitled "Combined Statement of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual—Budgetary Basis—General and Special Revenue Funds." As Figure 3 indicates, the Commonwealth received $1.6 million more in revenues, ABC profit transfers, and Appropriation Act transfers than planned. Another contribution toward a positive fund balance resulted from a 5% reduction in planned operating expenditures, which saved the Commonwealth $35.9 million. These savings are associated, in part, with the results of the Governor's manpower control program, which reduced the average monthly employment of Executive Branch salaried employees by 700 in fiscal year 1983, when compared to fiscal year 1982. The increased revenues and reduced expenditures, together with a realization of an additional $42.7 million in balances carried over from the year ending June 30, 1982, resulted in $80.2 million more than planned being added to the balance of the General Fund. In addition, the Governor has reduced certain State expenditures planned for fiscal year 1984 by 7.5%.

In summary, the General Fund, when reviewed on a basis consistent with that which the Commonwealth has traditionally applied in developing its planned appropriations for each biennium, ended the year with a fund balance of $101.9 million.

General Fund Condition—Accrual Basis

Although the Commonwealth plans and manages its financial affairs on the widely utilized cash basis of accounting, the nation's financial community has requested that states also include in their annual reports financial statements that are prepared on an accrual basis of accounting, to serve their analytical and other needs. Beyond the

Fig. 1 **General Fund Balance—Cash Basis—Highlighting the Undesignated Fund Balance**

(Millions of Dollars)

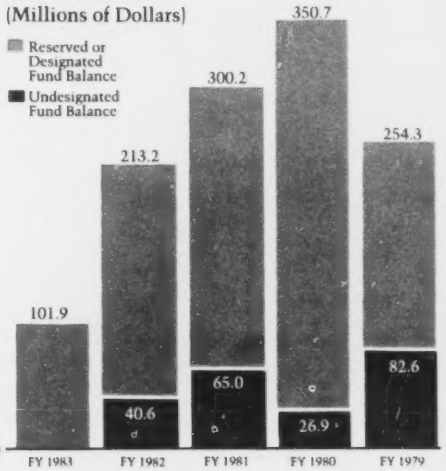


Fig. 2 **Analysis of General Fund Budget**

(Millions of Dollars)

	1982-84 Biennium	Biennium Breakdown FY 1983	FY 1984
Beginning Fund Balance:			
Operating	$ 113.0	$ 113.0	
Capital Outlay Reappropriations	57.5	57.5	
Total	170.5	170.5	$ 21.7
Add Estimated Revenues	6,392.9	3,027.3	3,365.6
Total Available Funds	6,563.4	3,197.8	3,387.3
Less Appropriations (a)	(6,375.4)	(3,098.3)	(3,277.1)
Total Available	188.0	99.5	110.2
Less Capital Outlay (b)	(172.5)	(77.8)	(94.7)
Ending Fund Balance	$ 15.5	$ 21.7	$ 15.5

(a) Appropriations consist primarily of operating expenditures and transfers to Higher Education and Debt Service.

(b) Approximately $27.9 million in planned capital outlay expenditures were frozen during fiscal 1983 and are not included in this analysis.

Fig. 3 **Analysis of Budget Vs. Actual General Fund Activity**

(Millions of Dollars)

	Budget	Actual	Variance Favorable (Unfavorable)
Fund Balance, July 1, 1982	$ 170.5	$ 213.2	$ 42.7
Revenues, ABC Profits, and Appropriation Act Transfers	3,027.3	3,028.9	1.6
Expenditures and Other Uses	(3,176.1)	(3,140.2)	35.9
Net Effect on Fund Balance	(148.8)	(111.3)	37.5
Fund Balance, June 30, 1983	$ 21.7	$ 101.9	$ 80.2

Fig. 4 **Summary of Accrued Receivables and Payables—General Fund**
(Millions of Dollars)

Receivables and Accrued Revenues:	
Transfer of 4th Quarter ABC Profits to General Fund	$ 8.2
Accounts Receivable	1.0
Interest Receivable on Interfund Loans	2.1
Taxes Receivable (Net)	5.5
Sales Taxes—June	66.3
Withheld Taxes Receivable—June	39.4
Total Receivables	122.5
Accounts Payable and Accrued Liabilities	
Refunds Payable on Withheld Income Taxes	20.1
Accounts Payable	48.0
Sales Tax Due Localities	44.9
ABC Profits Due to Localities	5.7
Other Payments Due to Localities	1.4
Total Payables	120.1
Receivables and Accrued Revenues Over Payables and Accrued Liabilities	$ 2.4

Governor and the members of the General Assembly, the members of the financial community who purchase state and local bonds are among the primary users of the financial statements of the Commonwealth.

The Office of the Comptroller has chosen to respond to these reporting demands through efforts to conform Virginia's financial practices to the requirements of generally accepted accounting principles (GAAP). The move to GAAP has been an evolutionary process, spanning the past three years. As noted earlier, one of the results has been the addition of over $1 billion in fixed assets to the balance sheet of the Commonwealth—fixed assets that previously had not been under strong central control.

The Commonwealth has also added certain receivables and accrued revenues amounting to $122.5 million, and certain accounts payable and accrued liabilities amounting to $120.1 million to its financial statements as of June 30, 1983. As a result of recording these accruals, the amounts of receivables and accrued revenues exceeded the amounts of accounts payable and accrued liabilities by $2.4 million at year end. These items, which are illustrated in Figure 4, are transactions associated with the year ending June 30, 1983; however, the cash will not be received or disbursed until fiscal year 1984.

It should be noted that, in my opinion, the amounts of accounts payable and accrued liabilities are reasonable in terms of what might be expected to exist on a year-to-year basis as a result of the normal timing of State operations. It should further be noted that such accounts payable and accrued liabilities did exist in prior years, although they were not reflected on the financial statements as they are this year. It is believed that they existed in relatively comparable amounts.

Analysis of Revenues and Expenditures

General Fund revenue (Fig. 5) for the year ended June 30, 1983, was $2,976 million, or 6.4% greater than the preceding year. The primary sources of this increase were a $106 million increase in Individual and Fiduciary Income Taxes and a $51 million increase in Sales and Use Taxes. Revenue for the current year was .1% over the budgeted amount. As Figure 3 indicates, anticipated General Fund revenues for the coming

Fig. 5 **Schedule of General Fund Revenue—Budgetary Basis**
For the Years Ended June 30, 1983, and 1982
(Millions of Dollars)

	Actual			Budget		Projection	
	FY 1983 Actual	FY 1982 Actual	% FY 1983 Over (Under) FY 1982	FY 1983 Budget	% FY 1983 Over (Under) Budget	*FY 1984 Revenues Estimates	% FY 1984 Estimates Over (Under) FY 1983
Individual Income Taxes	$1,552	$1,446	7.3%	$1,587	(2.2)%	$1,809	16.6%
Sales and Use Taxes	722	671	7.6	700	3.1	754	4.4
Corporate Income Taxes	183	177	3.4	185	(1.1)	236	29.0
Public Service Corporations	119	105	13.3	117	1.7	130	9.2
Premiums of Insurance Companies	87	84	3.6	88	(1.1)	96	10.3
Other Taxes	184	174	5.7	175	5.1	185	.5
Other Revenues	129	139	(7.2)	120	7.5	112	(13.2)
Total Revenue	$2,976	$2,796	6.4%	$2,972	.1%	$3,322	11.6%

*FY 1984 revenue estimates are from the 1983 Appropriations Act. Estimates are subject to revision by the Administration, with the approval of the General Assembly.

fiscal year are expected to be approximately $3,322 million, or 11.6% over fiscal 1983.

General Fund expenditures (Fig. 8) for the current year were $2,531 million, or 7.6% greater than the preceding year. The primary areas which comprise this increase were a $168 million increase in Education and a $53 million increase in Administration of Justice expenditures. These expenditures were somewhat offset by a $57 million decrease in General Government expenditures.

For informational purposes, Figures 6 and 9 present the composition of the revenue dollar for the General Fund and for all activities of the government, respectively. In a similar manner, Figures 7 and 10 present the composition of the expenditure dollar for the General Fund and for all activities of the government, respectively. These presentations are intended to provide a visual picture of the sources and uses of dollars received.

Debt Administration

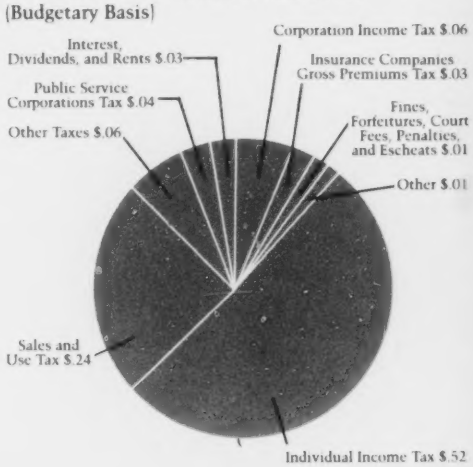
Virginia has always received excellent bond ratings from both Moody's Investors Service and Standard & Poor's Corporation, reflecting our long-standing record for sound fiscal management, our diversified economic base, and low debt ratio. The Commonwealth continues to hold down its issuance of long-term bonded debt, in part, by funding substantial amounts of capital outlay expenditures from General Fund revenues each fiscal year. The total general obligation bonds outstanding at June 30, 1983, was only $348.4 million and, of that amount, $244.0 million was being serviced from revenue-producing capital projects, comprised primarily of State college and university facilities and toll highways. Debt service payments and principal repayments on the balance, $104.4 million, will be funded from General Fund tax revenues. Principal and interest payments on this portion of the Commonwealth's bonded debt were less than 1% of total General Fund expenditures in fiscal 1983.

During fiscal year 1983, the Commonwealth issued $125.2 million in bonded debt. These bonds were rated "triple A" by both major rating agencies. In fiscal year 1984, the Commonwealth expects to issue approximately $50.0 million of long-term general obligation bonds. All of this debt will be self-supporting from specific revenue-producing projects operated by institutions of higher education.

Public Benefit Corporations

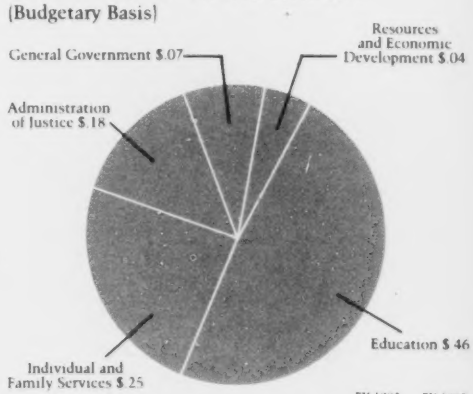
In the past, the Annual Report of the Comptroller has included only those governmental units directly under the control of and run as agencies of the Commonwealth. This year, certain outside organizations not previously included in the Annual Report have been determined to be part of the financial reporting entity of the Commonwealth and, therefore, are included in this Report as Public Benefit Corporations. Public Benefit Corporations are those public corporations empowered by the Code of Virginia to provide certain services to the citizens of Virginia, but which are not agencies of the State. While these organizations are not agencies of the State, generally accepted accounting principles require that they be included as part of the Commonwealth's financial reporting entity. The basis for such inclusion principally relates to the power of the Governor to appoint a majority of the Board members involved, who, in turn, formulate policy. An additional basis relates to requirements for submitting reports to the Governor.

Fig. 6 **Revenue Dollar**
GENERAL FUND—FISCAL YEAR 1983
(Budgetary Basis)


Corporation Income Tax $.06
Interest, Dividends, and Rents $.03
Insurance Companies Gross Premiums Tax $.03
Public Service Corporations Tax $.04
Fines, Forfeitures, Court Fees, Penalties, and Escheats $.01
Other Taxes $.06
Other $.01
Sales and Use Tax $.24
Individual Income Tax $.52

	FY 1983	FY 1982
Individual Income Tax	$ .52	$ .52
Sales and Use Tax	.24	.24
Corporation Income Tax	.06	.06
Public Service Corporations Tax	.04	.04
Insurance Companies Gross Premiums Tax	.03	.03
Other Taxes	.06	.06
Interest, Dividends, and Rents	.03	.03
Fines, Forfeitures, Court Fees, Penalties, and Escheats	.01	.01
Other	.01	.01
Total	$1.00	$1.00

Fig. 7 **Expenditure Dollar**
GENERAL FUND—FISCAL YEAR 1983
(Budgetary Basis)

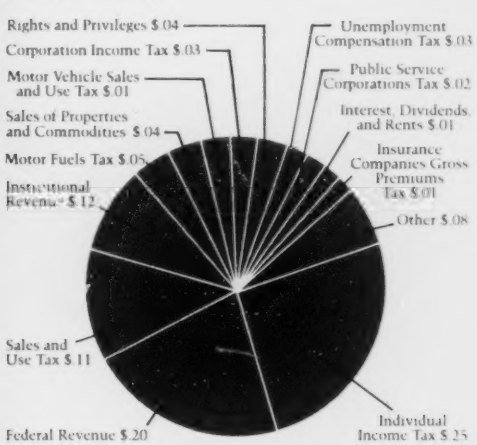


	FY 1983	FY 1982
Education	$ .46	$ .42
Individual and Family Services	.25	.26
Administration of Justice	.18	.18
General Government	.07	.10
Resources and Economic Development	.04	.04
Total	$1.00	$1.00

Fig. 8 **General Fund Expenditures By Function** (Budgetary Basis)
(Millions of Dollars)

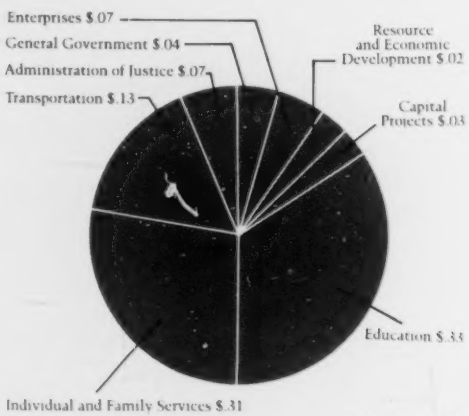
	FY 1983	FY 1982	% Increase (Decrease)	FY 1983 % of Total
General Government	$ 184	$ 241	(23.7)	7.3
Education	1,156	988	17.0	45.7
Transportation	7	8	(12.5)	.3
Resources and Economic Dev.	91	86	5.8	3.6
Individual and Family Services	619	609	1.6	24.4
Administration of Justice	469	416	12.7	18.5
Enterprises	5	5	—	.2
Total Expenditures	$2,531	$2,353	7.6	100.0

Fig. 9 **Revenue Dollar**
ALL FUNDS—FISCAL YEAR 1983
(Budgetary Basis)


Rights and Privileges $.04
Corporation Income Tax $.03
Motor Vehicle Sales and Use Tax $.01
Sales of Properties and Commodities $.04
Motor Fuels Tax $.05
Institutional Revenue $.12
Unemployment Compensation Tax $.03
Public Service Corporations Tax $.02
Interest, Dividends, and Rents $.01
Insurance Companies Gross Premiums Tax $.01
Other $.08
Sales and Use Tax $.11
Federal Revenue $.20
Individual Income Tax $.25

	FY 1983	FY 1982
Federal Revenues	$ .20	$ .21
Individual Income Tax	.25	.25
Sales and Use Tax	.11	.11
Institutional Revenue	.12	.11
Motor Fuels Tax	.05	.05
Sales of Property and Commodities	.04	.05
Corporation Income Tax	.03	.03
Rights and Privileges	.04	.03
Unemployment Compensation Tax	.03	.03
Public Service Corporations Tax	.02	.02
Interest, Dividends, and Rents	.01	.02
Insurance Co. Gross Premiums Tax	.01	.01
Motor Vehicles Sales and Use Tax	.01	.01
Other	.08	.07
Total	$1.00	$1.00

Fig. 10 **Expenditure Dollar**
ALL FUNDS—FISCAL YEAR 1983
(Budgetary Basis)



	FY 1983	FY 1982
Education	$ .33	$ .34
Individual and Family Services	.31	.33
Transportation	.13	.12
Administration of Justice	.07	.07
Enterprises	.07	.05
General Government	.04	.05
Capital Projects	.03	.02
Resources and Economic Development	.02	.02
Total	$1.00	$1.00

I take a great deal of pride in presenting you with this year's report on the financial condition of the Commonwealth of Virginia. This report reflects my commitment to you, to the citizens of the Commonwealth, and to the financial community to bring our financial statements into conformance with the highest standards of financial accountability, as currently promulgated by the National Council on Governmental Accounting and the Financial Accounting Standards Board as generally accepted accounting principles for governmental units. This year's report reflects the progress we have made toward implementing these nationally recognized standards. This progress would not have been possible without your continued strong support and encouragement.

Respectfully submitted,

Edward J. Mazur
Comptroller of the Commonwealth of Virginia

BEST AVAILABLE COPY

The economic environment is one of the major factors affecting the financial operations of both the State and the nation. This section of the Report includes data and analyses developed by the Tayloe Murphy Institute at the University of Virginia, and provides the reader with a brief review of the Commonwealth's economic condition during the past five years in relation to the national economy. This relationship is important since both the Virginia economy and the financial position of State government are greatly influenced by national economic developments. The analyses and related graphs report information for the period from 1978 to 1982 and, wherever possible, early 1983. On applicable graphs, the last two national recessions have been denoted with vertical lines labeled "P," for peak of the recession, and "T," for trough of the recession.

There have been two national recessions since 1978. The first was sharp, but brief, lasting only six months from the beginning of 1980 until midyear. The second was of longer duration, lasting from July, 1981, to November, 1982. During both recessions, real gross national product (GNP), a broad measure of the nation's output adjusted for inflation, experienced declines. During the current economic recovery, real GNP grew at an annual rate of 4.7% during the first half of 1983.

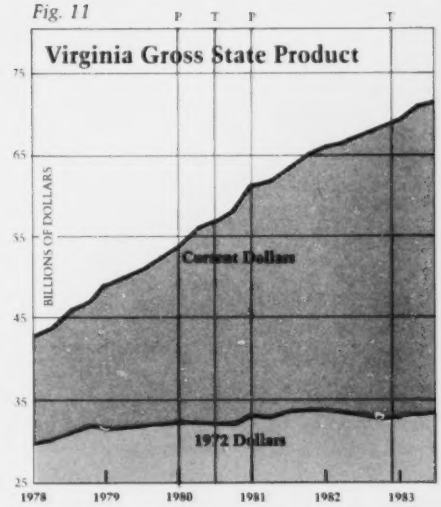
Although Virginia's economy is greatly influenced by the national economy, Virginia faired better than the nation as a whole during the recessions. Virginia's gross state product (GSP), which is the equivalent measure of GNP at the state level, grew more than 50% from 1978 to 1982, but after adjusted to dollars of constant purchasing power, growth was only 6%. Nonetheless, the Virginia growth rate exceeded the comparable national measure for real GNP, which was 3.2% during this period (Fig. 11). Because Virginia's real GSP increased at a higher rate than real GNP, Virginia's share of real gross national product showed an increase from 1978 to the second quarter of 1983 (Fig. 12).

Virginia's per capita personal income (Fig. 13) in 1982 was $11,003, compared to $11,056 for the nation and $10,317 for the South Atlantic Region. On a percentage basis, Virginia's per capita personal income was 99% of the national average and 107% of the South Atlantic Regional average. Over the preceding five-year period, Virginia's per capita income maintained about the same percentage relationship to the national and South Atlantic Regional averages. (The South Atlantic Region includes the States of Delaware, Florida, Georgia, Maryland, North and South Carolina, Virginia, and West Virginia, and the District of Columbia.)

Inflation was a major problem during the 1978-83 period. The two recessions, however, served to decrease the rate of inflation sharply. The rates of change for producer and consumer prices (Fig. 14) were double digit during 1978 and climbed to their peak during the last quarter of 1979. During the first recession, the rate of change dropped 6 percentage points for producer prices and 5 percentage points for consumer prices. Between the two recessions, the rates of change fluctuated slightly, but then continued their downward trend near the onset of the second recession. By the end of 1982, both producer and consumer prices were experiencing rates of change of less than 1% on an annualized basis. The first six months of 1983 saw an upturn in the rates of change of consumer and producer prices.

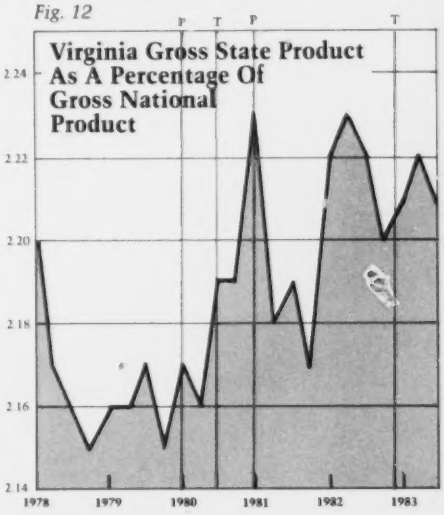
Rapid inflation was a major cause of rising interest rates as lenders demanded higher rates to

Fig. 11



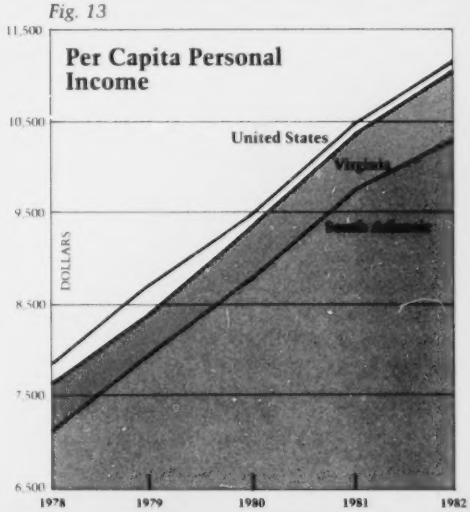
Source: Tayloe Murphy Institute

Fig. 12



Sources: U.S. Department of Commerce Tayloe Murphy Institute

Fig. 13



Source: U.S. Department of Commerce

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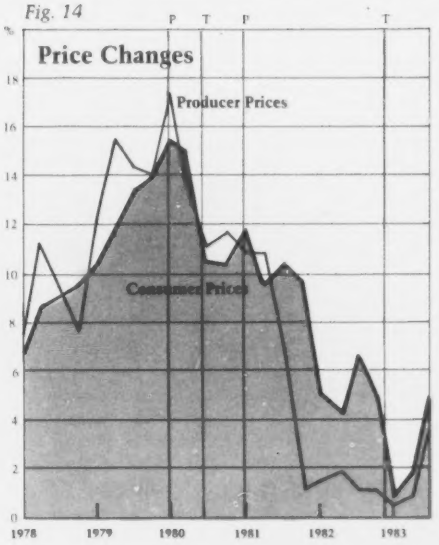
offset the diminished purchasing power of the dollars they would receive in repayment. The prime rate (Fig. 15) charged by banks to their best customers for short-term loans reached a new quarterly high (20.3%) in 1981. The prime rate started its downward trend during the second recession and decreased to 10.5% by the second quarter of 1983. Long-term notes (Fig. 16) also reached new highs in 1981. The yields on new issues of high-grade corporate bonds rose to 16.3% and did not stop their upward trend until after the onset of the second recession. New home mortgage yields declined slightly after the first recession, but did not start their downward trend until the second recession. By the second quarter of 1983, both long-term interest rates had dropped, with corporate bond yields dropping 5 percentage points from their peak and mortgage yields dropping 3.5 percentage points.

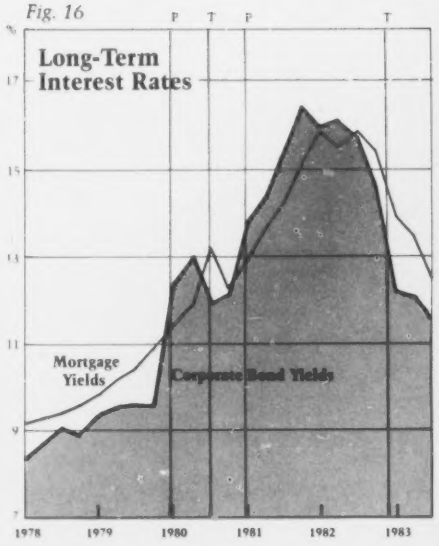
Virginia's nonagricultural wage and salary employment (Fig. 18) increased by 96,100 from 1978 to 1982. In relative terms, the 4.7% growth rate exceeded the national rate of 3.3%, but fell short of the 6.8% gain made by the South Atlantic Region. Virtually all of the State's increase occurred prior to 1980 (Fig. 17). Among the major industries in Virginia, the largest numerical and percentage increases during the five-year period were in the service industries, which accounted for 73% of the total increase. Both manufacturing and construction experienced declines during that period. From 1981 to 1982, Virginia's nonagricultural wage and salary employment fell by 1.4% as a result of the recession. All nonagricultural industries, except mining and services, experienced declines. The major decline occurred in contract construction, which dropped 14% from 1981 to 1982.

Fig. 14



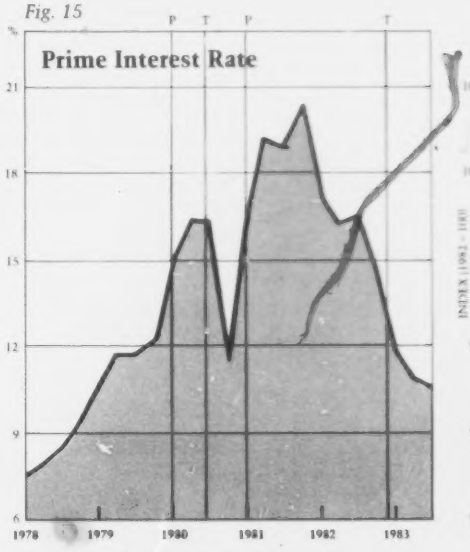
Source: U.S. Department of Labor

Fig. 16



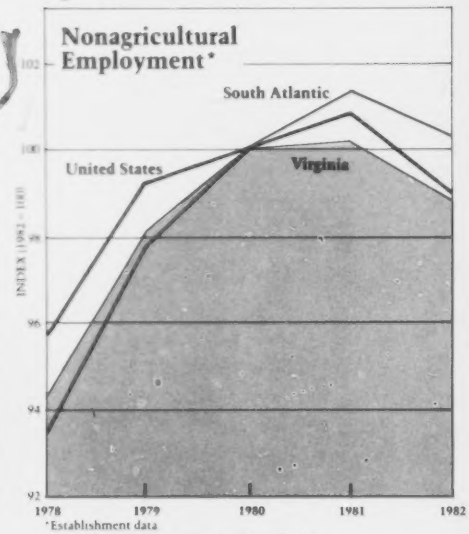
Sources: Federal Home Loan Bank Board
U.S. Department of the Treasury

Fig. 15



Source: Board of Governors, Federal Reserve System

Fig. 17



*Establishment data
Sources: Virginia Department of Labor and Industry
U.S. Department of Labor

Fig. 18

Virginia Nonagricultural Wage and Salary Employment

(Numbers in Thousands)	Numbers of Employees		Change	
	1978	1982	%	Number
Manufacturing	409.4	397.7	−2.9	−11.7
Mining	20.5	22.8	11.2	2.3
Construction	130.2	100.3	−23.0	−29.9
Transportation and public utilities	107.6	117.2	8.9	9.6
Trade	428.1	456.7	6.7	28.6
Finance, insurance, and real estate	97.1	105.6	8.8	8.5
Services and misc.	357.9	428.0	19.6	70.1
Federal, state, and local government	482.7	501.3	3.9	18.6
Total	2,033.5	2,129.6	4.7	96.1

Source: Virginia Department of Labor and Industry

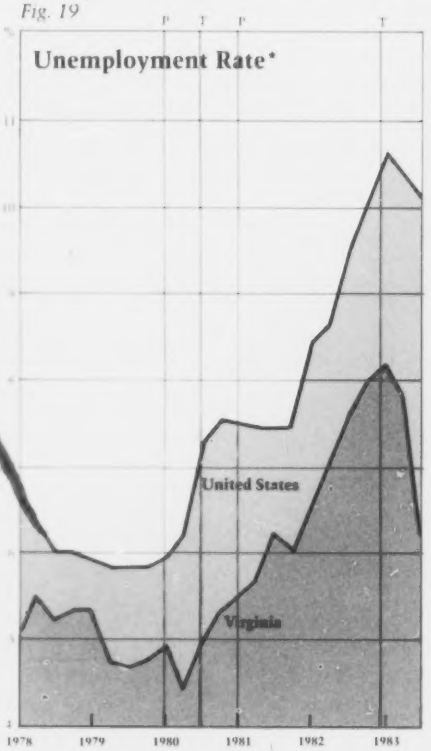
From 1978 to 1980, Virginia's unemployment rate fell (Fig. 19), reaching a low of 4.4% during the first quarter of 1980. After the first quarter of 1980 it rose steadily, reaching a high of 8.2% during the last quarter of 1982, which coincided with the end of the second recession. By the second quarter of 1983, the unemployment rate had fallen by 2 percentage points to reach 6.2%. Although the Virginia unemployment rate has followed a pattern similar to that of the national unemployment rate, it has consistently been lower than the national average.

The number of Virginia residential building permits (Fig. 20) is a good leading indicator of the health of the economy. The number of residential building permits declined before the onset of both recessions and then increased before the end of the recessions. By the second quarter of 1983, the number of residential building permits issued had reached 13,196—close to the 1978 high of 13,427.

Taxable sales (Fig. 21) under the Virginia sales and use tax (a fairly good proxy for retail sales) grew at an average annual rate of 7.9% from 1978 to 1982. Most of the gain was a result of inflation since taxable sales remained almost constant once adjustments were made for price increases.

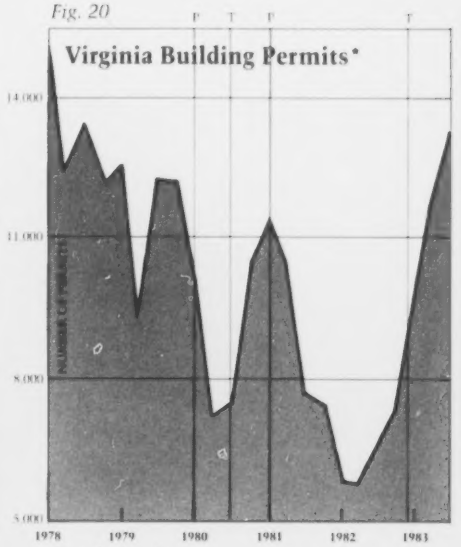
In summary, a review of the Virginia economy for the past five years indicates that we should expect the economic condition of the Commonwealth to move in a similar direction as that of the nation. Virginia's economy, influenced by the end of the national recession in November of 1982, is currently experiencing a recovery. It is expected that current trends will continue as the national recovery picks up momentum.

Fig. 19



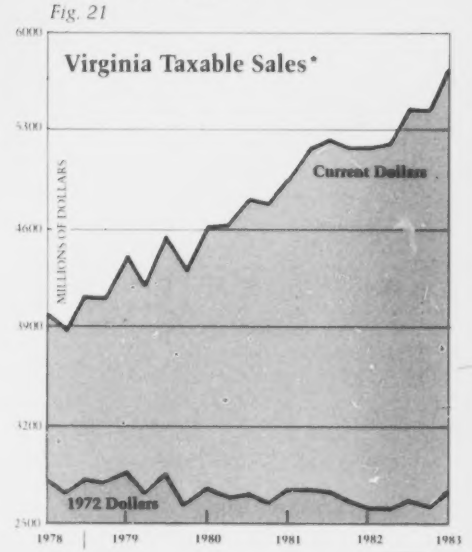
*Seasonally adjusted, percent of civilian labor force.
Sources: Virginia Employment Commission
U.S. Department of Labor

Fig. 20



*Seasonally adjusted
Source: U.S. Department of Commerce

Fig. 21



*Seasonally adjusted
Sources: Virginia Department of Taxation
U.S. Department of Commerce

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Organization of Government

As of June 30, 1983

Executive

Attorney General

Governor

Administration and Finance

Secretary of Administration and Finance
Department of Accounts
Department of the Treasury
Department of Planning and Budget
Public Telecommunications Council
Department of Personnel and Training
State Board of Elections
Department of Computer Services
Department of Management Analysis and Systems Development
Compensation Board
Virginia Supplemental Retirement System
Department of Taxation
Secretary of the Commonwealth
Department of General Services
Office of Employee Relations Counselors
Advisory Committee—Executive Mansion
Virginia Public Building Authority
Commission on Local Government
Virginia Liaison Office

Human Resources

Secretary of Human Resources
Commission on the Status of Women
Office on Aging
Division of Children
Department of Health Regulatory Boards
Department of Rehabilitative Services
Department of Health
Virginia Commission for the Visually Handicapped
State Mental Health and Retardation Board
Virginia Council for the Deaf
Department of Social Services
Governor's Employment and Training Council
Virginia Health Services Cost Review Commission
State Advocacy Office for the Developmentally Disabled
Division of Volunteerism
Commission on Indians
Governor's Job Training Coordinating Council

Commerce and Resources

Secretary of Commerce and Resources
Division of Industrial Development
Department of Housing and Community Development
Department of Labor and Industry
Department of Commerce
State Office of Minority Business Enterprises
Board of Agriculture and Consumer Services
Milk Commission
Virginia Soil and Water Conservation Commission
Virginia Agriculture Foundation
Board of Conservation and Economic Development
Marine Resources Commission
Commission of Game and Inland Fisheries
Virginia WWII Memorial Commission
State Water Control Board
Board of Regents—Gunston Hall
State Air Pollution Control Board
Jamestown-Yorktown Foundation
Virginia Historic Landmarks Commission
Commission on Outdoor Recreation
Council on the Environment
Virginia Marine Products Commission
Virginia Employment Commission
Chippokes Plantation Farm Foundation

Transportation

Secretary of Transportation
Department of Military Affairs
State Office of Emergency Services
Department of Transportation Safety
Division of Motor Vehicles
Virginia Port Authority
State Highway and Transportation Commission
Department of Aviation

Education

Secretary of Education
Science Museum of Virginia
Virginia Commission for the Arts
State Board of Education
Virginia State Library
College of William and Mary
Virginia Commonwealth University
University of Virginia
Virginia Polytechnic Institute and State University
Virginia Truck and Ornamentals Research Station
Virginia Military Institute
Virginia State University
Norfolk State University
Longwood College
Mary Washington College
James Madison University
Radford University
Virginia School for the Deaf and the Blind
Virginia School at Hampton
Old Dominion University
Virginia Museum of Fine Arts
Richard Bland College
Christopher Newport College
State Council of Higher Education
Clinch Valley College
George Mason University
State Board for Community Colleges
State Education Assistance Authority
Virginia College Building Authority
Virginia Public School Authority

Public Safety

Secretary of Public Safety
Department of Criminal Justice Services
Department of State Police
Department of Corrections
Rehabilitative School Authority
Commonwealth's Attorneys Services and Training Center
Department of Fire Programs
Department of Alcoholic Beverage Control

Lieutenant Governor

Legislative

Senate
House of Delegates
Virginia Commission of Interstate Cooperation
Commission on Veterans' Affairs
Virginia Code Commission
Division of Legislative Automated Systems
Joint Legislative Audit and Review Commission
Virginia Coal and Energy Commission
Auditor of Public Accounts
Virginia State Crime Commission
Commission to Study Disposal of Solid Waste
Division of Legislative Services
Division of Capitol Police
Virginia Housing Study Commission
Department of Corporations

Judicial

Supreme Court
Circuit Courts
District Courts
The Magistrate System
Virginia State Bar
State Board of Bar Examiners
Public Defender Commission
Judicial Inquiry and Review Commission

Independent Agencies

State Corporation Commission
Industrial Commission of Virginia

Public Benefit Corporations

Virginia Housing Development Authority
Virginia Education Loan Authority

Financial Section

General Purpose Financial Statements 14
Combining and Individual Fund Statements 37

Auditor's Opinion

CHARLES K. TRIBLE
AUDITOR

Commonwealth of Virginia

AUDITOR OF PUBLIC ACCOUNTS
P. O. Box 1295
RICHMOND 23210

January 6, 1984

The Honorable Charles S. Robb
Governor of Virginia
State Capitol
Richmond, Virginia

The Honorable Hunter B. Andrews
Chairman, Joint Legislative Audit and Review Commission
General Assembly Building
Richmond, Virginia

Gentlemen:

We have examined the combined financial statements of the COMMONWEALTH OF VIRGINIA as of and for the year ended June 30, 1983, as listed in the Table of Contents. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The financial statements do not include the institutional and endowment funds of State-supported institutions of higher education. The financial results of these funds, if reported, would be recorded in the Higher Education Fund.

The General Fixed Asset account group does not include all assets of the Commonwealth of Virginia. During the fiscal year, the Department of Accounts implemented a fixed asset accounting system. All agencies and institutions of the Commonwealth have not completed the necessary inventories of their fixed assets to be recorded on the accounting system and, therefore, we were unable to determine the amount of such assets.

The Department of Accounts has prepared the accompanying financial statements in accordance with generally accepted accounting principles as promulgated by the National Council on Governmental Accounting, except as discussed in the two preceding paragraphs. In adopting these accounting principles, the Department of Accounts has instituted significant changes which affect the comparability of these financial statements with previously issued reports. The effects of such changes are discussed in Notes 3 and 6. The effects of these significant changes cannot be determined and as such comparability with prior years does not exist.

The Public Benefit Corporations included in the Proprietary Fund type have not been audited by the Auditor of Public Accounts, but have been audited by independent certified public accounting firms as discussed in Note 11.

In our opinion, except for the effects of the exclusion of institutional and endowment funds for State-supported institutions of higher education and certain assets in the General Fixed Asset account group, the accompanying financial statements present fairly the financial position of the Commonwealth of Virginia as of June 30, 1983, and the results of its operations and changes in fund balances for the fiscal year then ended, in conformity with generally accepted accounting principles.

Our examination was made for the purpose of forming an opinion on the combined financial statements taken as a whole. The combining financial statements and supplementary schedules listed in the Table of Contents are presented for the purposes of additional analysis and are not a required part of the combined financial statements of the Commonwealth of Virginia. This information, and not the information in the Introductory or Statistical Sections, has been subjected to the auditing procedures applied in the examination of the combined financial statements and, in our opinion, such information is fairly stated in all material respects in relation to the combined financial statements taken as a whole. We express no opinion on the information in the Introductory and Statistical Sections.

Sincerely,

Charles K. Fisher

AUDITOR OF PUBLIC ACCOUNTS

Combined Balance Sheet
All Fund Types and Account Groups

June 30, 1983

(Dollars in Thousands)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets				
Cash and Short-Term Investments	$ 26,640	$212,658	$36,191	$96,655
Cash and Investments with Trustees	—	—	—	—
Cash with Fiscal Agent	—	—	12,417	—
Petty Cash and Travel Advances	3,631	1,153	—	—
Taxes, Loans, Accounts, and Other Receivables (Net) (Note 1)	113,071	107,767	—	—
Accrued Interest Receivable	2,151	—	—	—
Due from Other Funds (Note 10)	63,672	—	—	—
Loans Receivable from Proprietary Funds (Note 1)	15,375	—	—	—
Investments (Note 1)	—	—	—	—
Inventory, at Cost (Note 1)	—	26,975	—	—
Prepaid Expenses	—	—	—	—
Deferred Charges	—	17,711	—	—
Other Assets	428	—	—	—
Property, Plant, and Equipment (Net) (Note 1)	—	—	—	—
Systems Development Cost (Net) (Note 1)	—	—	—	—
Amount Available for Retirement of Long-Term Debt	—	—	—	—
Amount to be Provided for the Retirement of Matured Debt	—	—	372	—
Amount to be Provided for the Retirement of Long-Term Debt (Note 9)	—	—	—	—
Amount to be Provided by Localities for Note Retirement	—	—	—	—
Total Assets	$224,968	$366,264	$48,980	$96,655
Liabilities and Fund Equity				
Liabilities:				
Accounts Payable	$ 48,013	$ 88,082	$ —	$ 4,532
Tax Refunds Payable	20,109	—	—	—
Amounts due to Localities	52,003	—	—	—
Accrued Interest Payable	—	—	—	183
Deposits Pending Distribution	292	428	—	—
Due to Commercial Institutions (Note 9)	—	—	—	—
Notes Payable—Public Benefit Corporations	—	—	—	—
Other Liabilities	—	—	—	—
Due to Other Funds (Note 10)	—	3,030	—	5,756
Loans Payable to the General Fund (Note 1)	—	—	—	—
Deferred Revenue	262	398	—	—
General Obligation Bonds Payable (Note 9)	—	—	—	—
Transportation Bonds Payable (Note 9)	—	—	—	—
Higher Education Bonds Payable (Note 9)	—	—	—	—
Matured Interest Payable	—	—	4,919	—
Matured Debt Payable	—	—	1,936	—
Estimated Tax Refunds Payable on Withheld Income Taxes (Note 9)	—	—	—	—
Long-Term Debt of Virginia Port Authority and Virginia Public School Authority (Note 9)	—	—	—	—
Bonds Payable—Public Benefit Corporations (Note 9)	—	—	—	—
Due to Program Participants and Escrows	—	—	—	—
Total	120,679	91,938	6,855	10,471
Net Accrual Adjustments (Note 4)	—	—	—	—
Total Liabilities	120,679	91,938	6,855	10,471
Commitments and Contingencies (Note 12)				
Fund Equity:				
Investment in Plant	—	—	—	—
Investment in General Fixed Assets	—	—	—	—
Contributed Capital	—	—	—	—
Retained Earnings	—	—	—	—
Fund Balances:				
Reserved (Note 1)	20,170	—	42,125	—
Unreserved:				
Designated	81,715	251,931	—	90,899
Undesignated (Note 5)	2,404	22,395	—	(4,715)
Total Fund Equity	104,289	274,326	42,125	86,184
Total Liabilities and Fund Equity	$224,968	$366,264	$48,980	$96,655

The accompanying notes are an integral part of this financial statement.

Proprietary Fund Types			Fiduciary Fund Type	Account Groups		Higher Education	Totals (Memorandum Only)	
Enterprise	Internal Service	Public Benefit Corporations (Note 11)	Trust and Agency	General Fixed Assets	General Long-Term Obligations		June 30, 1983	June 30, 1982
$ 1,578	$10,505	$ 31,981	$ 146,526	$ —	$ —	$ 75,310	**$ 638,044**	$ 675,122
—	—	—	76,470	—	—	6,822	**83,292**	68,555
—	—	—	—	—	—	—	**12,417**	41,266
85	17	1	130	—	—	380	**5,397**	5,080
1,429	3,759	1,287,159	273,841	—	—	101,170	**1,888,196**	1,842,980
—	—	26,106	23	—	—	—	**28,280**	29,661
—	—	—	12,014	—	—	—	**75,686**	108,965
—	—	—	—	—	—	—	**15,375**	15,780
—	—	716,633	3,069,943	—	—	—	**3,786,576**	3,032,424
27,206	6,838	5,221	367	—	—	—	**66,607**	34,252
286	148	148	—	—	—	—	**582**	1,197
—	—	—	—	—	—	—	**17,711**	—
—	—	—	7	—	—	—	**435**	8
8,260	19,612	3,396	30	382,051	—	641,845	**1,055,194**	32,291
—	—	94	—	—	—	—	**94**	88
—	—	—	—	—	42,125	70,763	**112,888**	85,558
—	—	—	—	—	—	—	**372**	372
—	—	—	—	—	451,585	205,106	**656,691**	475,524
—	—	—	—	—	125,756	—	**125,756**	192,612
$38,844	$40,879	$2,070,739	$3,579,351	$382,051	$619,466	$1,101,396	**$8,569,593**	$6,641,735
$ 4,864	$ 3,688	$ 10,261	$ 30,949	$ —	$ —	$ 65,430	**$ 255,819**	$ 179,329
—	—	—	—	—	—	—	**20,109**	13,202
—	—	—	31,960	—	—	—	**83,963**	69,724
—	—	38,802	71	—	—	1,967	**41,023**	41,408
—	—	—	19,908	—	—	53	**20,681**	12,316
1,500	2,807	—	—	—	—	—	**4,307**	9,343
—	—	72,985	—	—	—	—	**72,985**	128,047
56	107	—	331	—	—	80	**574**	13,147
14,861	—	—	12,014	—	—	40,025	**75,686**	108,965
10,000	5,375	—	—	—	—	—	**15,375**	15,780
536	472	6,011	—	—	—	19,550	**27,229**	26,181
—	—	—	—	—	104,425	—	**104,425**	116,800
—	—	—	—	—	104,000	—	**104,000**	47,000
—	—	—	—	—	—	272,897	**272,897**	176,367
—	—	—	—	—	—	1,234	**6,153**	18,746
—	—	—	—	—	—	1,738	**3,674**	29,218
—	—	—	—	—	182,799	—	**182,799**	170,826
—	—	—	—	—	228,242	—	**228,242**	230,426
—	—	1,745,642	—	—	—	—	**1,745,642**	1,554,337
—	—	21,458	—	—	—	—	**21,458**	18,771
31,817	12,449	1,895,159	95,233	—	619,466	402,974	**3,287,041**	2,979,933
—	—	—	—	—	—	—	**—**	122,763
31,817	12,449	1,895,159	95,233	—	619,466	402,974	**3,287,041**	3,102,696
—	—	—	—	—	—	641,845	**641,845**	—
—	—	—	—	382,051	—	—	**382,051**	—
—	5,570	—	—	—	—	—	**5,570**	5,368
7,027	22,860	175,580	—	—	—	—	**205,467**	173,999
—	—	—	2,928,844	—	—	6,822	**2,997,961**	2,433,693
—	—	—	555,274	—	—	15,982	**995,801**	885,382
—	—	—	—	—	—	33,773	**53,857**	40,597
7,027	28,430	175,580	3,484,118	382,051	—	698,422	**5,282,552**	3,539,039
$38,844	$40,879	$2,070,739	$3,579,351	$382,051	$619,466	$1,101,396	**$8,569,593**	$6,641,735

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances All Governmental Fund Types and Expendable Trust Funds

For the Fiscal Year Ended June 30, 1983

(Dollars in Thousands)

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)	
						Year Ended	
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	June 30, 1983	June 30, 1982
Revenues:							
Taxes	$2,845,501	$ 493,978	$ —	$ —	$ 191,590	**$3,531,069**	$3,238,796
Rights and Privileges	13,028	218,265	—	—	537	**231,830**	199,150
Sales of Property and Commodities	245	3,503	—	—	—	**3,748**	6,890
Assessments and Receipts for Support of Special Services	742	11,183	—	—	3,157	**15,082**	17,599
Institutional Revenue	4,032	139,694	—	—	945	**144,671**	143,877
Interest, Dividends, and Rents	69,086	4,495	881	7,469	16,493	**98,424**	142,853
Fines, Forfeitures, Court Fees, Penalties, and Escheats	26,103	4,126	—	—	660	**30,889**	39,530
Federal Grants, Contracts, and Revenue Sharing	89	1,079,925	—	—	47,029	**1,127,043**	1,124,838
Receipts from Cities, Counties, and Towns	518	51,400	—	—	1,077	**52,995**	53,404
Private Donations, Gifts, and Contracts	11	797	—	—	1,748	**2,556**	823
Other	8,996	27,712	—	—	8,750	**45,458**	48,143
Total Revenues	2,968,351	2,035,078	881	7,469	271,986	**5,283,765**	5,015,903
Expenditures:							
Current:							
General Government	155,920	5,417	—	—	484,662	**645,999**	252,301
Education	1,156,261	148,586	—	—	2,305	**1,307,152**	1,127,053
Transportation	7,221	807,486	—	—	8,752	**823,459**	720,438
Resources and Economic Development	91,431	76,964	—	—	6,098	**174,493**	156,271
Individual and Family Services	657,430	902,443	—	—	305,677	**1,865,550**	1,795,885
Administration of Justice	476,020	6,785	—	—	—	**482,805**	425,216
Enterprises	4,991	1,064	—	—	—	**6,055**	5,793
Capital Projects	—	—	—	82,428	—	**82,428**	55,879
Debt Service							
Principal Retirement	—	—	28,530	—	—	**28,530**	36,545
Interest and Charges	—	—	37,117	—	—	**37,117**	24,663
Total Expenditures	2,549,274	1,948,745	65,647	82,428	807,494	**5,453,588**	4,600,044
Revenues Over (Under) Expenditures	419,077	86,333	(64,766)	(74,959)	(535,508)	**(169,823)**	415,859
Other Financing Sources (Uses):							
ABC Profits Transfers	29,539	—	—	—	—	**29,539**	29,133
Appropriation Act Transfers	23,680	(13,414)	—	—	—	**10,266**	5,670
Operating Transfers In	139,618	599,348	83,096	86,888	808,460	**1,717,410**	921,933
Operating Transfers Out	(749,313)	(633,517)	(6,340)	(50,761)	(293,032)	**(1,732,963)**	(1,414,822)
Trust Fund Receipts Over Disbursements	—	21,251	—	7,945	24,151	**53,347**	47,428
Increase (Decrease) in Assets Held by Trustees	—	—	—	—	15,739	**15,739**	(28,963)
Proceeds from Sale of Bonds	—	—	—	57,000	—	**57,000**	—
Other Sources	250	244	—	2,074	—	**2,568**	2,862
Total Other Financing Sources (Uses)	(556,226)	(26,088)	76,756	103,146	555,318	**152,906**	(436,759)
Revenues and Other Sources Over (Under) Expenditures and Other Uses	(137,149)	60,245	11,990	28,187	19,810	**(16,917)**	(20,900)
Fund Balance, July 1, as adjusted (Notes 3 & 6)	241,438	214,081	30,135	57,997	529,833	**1,073,484**	994,291
Fund Balance, June 30	$ 104,289	$ 274,326	$ 42,125	$ 86,184	$ 549,643	**$1,056,567**	$ 973,391

The accompanying notes are an integral part of this financial statement.

Combined Statement of Revenues, Expenses, and Changes in Retained Earnings/Fund Balances All Proprietary Fund Types and Similar Trust Funds

For the Fiscal Year Ended June 30, 1983

(Dollars in Thousands)

	Proprietary Fund Types			Fiduciary Fund Types		Totals (Memorandum Only)	
						Year Ended	
	Enterprise	Internal Service	Public Benefit Corporations	Pension Trust	Non-expendable Trust	June 30, 1983	June 30, 1982
Operating Revenues:							
Charges for Sales and Services	$ 250,547	$ 94,377	$ 2,582	$ —	$ 3,510	**$ 351,016**	$ 345,857
Contributions	—	—	—	436,468	10	**436,478**	359,996
Interest, Dividends, and Rents	—	—	192,491	—	114	**192,605**	160,688
Special Allowance Income	—	—	10,246	—	—	**10,246**	18,025
Accrued Revenue	—	—	—	—	1	**1**	—
Other	—	—	194	—	—	**194**	256
Total Operating Revenues	250,547	94,377	205,513	436,468	3,635	**990,540**	884,822
Operating Expenses:							
Cost of Sales and Services	169,841	57,425	3,029	—	3,105	**233,400**	229,796
Personal Services	33,706	12,623	4,073	—	57	**50,459**	47,032
Contractual Services	4,491	5,222	—	—	7	**9,720**	10,419
Supplies and Materials	2,298	3,408	—	—	—	**5,706**	6,079
Grants and Distributions to Localities	70	19	—	—	7	**96**	55
Expendable Equipment	101	212	—	—	—	**313**	247
Amortization	—	—	36	—	—	**36**	29
Depreciation	1,182	7,207	236	—	6	**8,631**	9,068
Interest Expense	—	—	157,250	—	—	**157,250**	124,648
Rent, Insurance, and Other Related Charges	3,949	4,294	363	—	—	**8,606**	7,808
Pension Fund	—	—	—	221,110	—	**221,110**	201,857
Commitment Fees	—	—	1,321	—	—	**1,321**	623
Accrued Expenses	—	—	—	—	1	**1**	—
Other	—	—	2,663	—	141	**2,804**	2,383
Total Operating Expenses	215,638	90,410	168,971	221,110	3,324	**699,453**	640,044
Operating Income	34,909	3,967	36,542	215,358	311	**291,087**	244,778
Nonoperating Revenues (Expenses):							
Net Gain (Loss) on Sale of Investments	—	—	(7,136)	134,672	71	**127,607**	(1,690)
Interest, Dividends, and Rents	(904)	(352)	—	194,420	308	**193,472**	182,491
Discounts	10	99	—	—	—	**109**	124
Gain (Loss) on Sale of Fixed Assets	(12)	(40)	—	—	—	**(52)**	197
Grants and Shared Revenue	309	—	—	—	—	**309**	328
Other	651	31	—	—	(279)	**403**	(128)
Total Nonoperating Revenues (Expenses)	54	(262)	(7,136)	329,092	100	**321,848**	181,322
Income Before Operating Transfers	34,963	3,705	29,406	544,450	411	**612,935**	426,100
Net Operating Transfers	(34,198)	(3,972)	—	2,890	(16)	**(35,296)**	(31,576)
Net Income (Loss)	765	(267)	29,406	547,340	395	**577,639**	394,524
Retained Earnings/Fund Balance, July 1, as adjusted (Notes 3 & 6)	6,262	23,127	146,174	2,381,504	5,236	**2,562,303**	2,166,215
Retained Earnings/Fund Balance, June 30	$ 7,027	$ 22,860	$ 175,580	$2,928,844	$ 5,631	**$3,139,942**	$2,560,739

The accompanying notes are an integral part of this financial statement.

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual—Budgetary Basis General and Special Revenue Funds

For the Fiscal Year Ended June 30, 1983

(Dollars in Thousands)

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes	$2,852,100	$2,846,883	$ (5,217)
Rights and Privileges	13,900	13,010	(890)
Sales of Property and Commodities	200	230	30
Assessments and Receipts for Support of Special Services	900	661	(239)
Institutional Revenue	3,400	3,267	(133)
Interest, Dividends, and Rents	65,300	71,981	6,681
Fines, Forfeitures, Court Fees, Penalties, and Escheats	24,700	26,040	1,340
Federal Grants, Contracts, and Revenue Sharing	—	58	58
Receipts from Cities, Counties, and Towns	700	518	(182)
Private Donations, Gifts, and Contracts	—	11	11
Other	10,559	13,029	2,470
Total Revenues	2,971,759	2,975,688	3,929
Expenditures:			
General Government	173,181	184,109	(10,928)
Education	1,203,676	1,155,618	48,058
Transportation	7,104	7,207	(103)
Resources and Economic Development	92,493	90,390	2,103
Individual and Family Services	619,775	619,437	338
Administration of Justice	474,633	469,074	5,559
Enterprises	5,301	4,908	393
Total Expenditures	2,576,163	2,530,743	45,420
Revenues Over (Under) Expenditures	395,596	444,945	49,349
Other Financing Sources (Uses):			
ABC Profit Transfers	29,500	29,539	39
Appropriation Act Transfers	26,100	23,680	(2,420)
Net Operating Transfers:			
Higher Education Fund (Educational and General)	(494,958)	(494,958)	—
Debt Service Fund	(27,788)	(27,639)	149
Other Authorized Operating Transfers	561	(9,384)	(9,945)
Capital Outlay Transfers	(77,763)	(77,763)	—
Trust Fund Receipts Over Disbursements	—	—	—
Other Sources	—	250	250
Total Other Financing Sources (Uses)	(544,348)	(556,275)	(11,927)
Revenues and Other Sources Over (Under) Expenditures and Other Uses	(148,752)	(111,330)	37,422
Fund Balance, July 1, as adjusted (Notes 3 & 6)	170,452	213,215	42,763
Fund Balance, June 30 (Note 1)	$ 21,700	$ 101,885	$ 80,185

The accompanying notes are an integral part of this financial statement.

Special Revenue Funds			Totals (Memorandum Only)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
$ 484,188	$ 493,978	$ 9,790	$3,336,288	$3,340,861	$ 4,573
228,420	217,641	(10,779)	242,320	230,651	(11,669)
3,168	3,393	225	3,368	3,623	255
9,868	11,267	1,399	10,768	11,928	1,160
97,151	132,837	35,686	100,551	136,104	35,553
9,071	1,442	(7,629)	74,371	73,423	(948)
3,945	3,891	(54)	28,645	29,931	1,286
1,157,163	1,081,627	(75,536)	1,157,163	1,081,685	(75,478)
42,027	51,400	9,373	42,727	51,918	9,191
6,338	797	(5,541)	6,338	808	(5,530)
51,336	27,563	(23,773)	61,895	40,592	(21,303)
2,092,675	2,025,836	(66,839)	5,064,434	5,001,524	(62,910)
15,667	8,989	6,678	188,848	193,098	(4,250)
151,335	148,705	2,630	1,355,011	1,304,323	50,688
978,522	804,378	174,144	985,626	811,585	174,041
79,344	72,895	6,449	171,837	163,285	8,552
890,295	895,060	(4,765)	1,510,070	1,514,497	(4,427)
10,500	6,782	3,718	485,133	475,856	9,277
3,629	1,045	2,584	8,930	5,953	2,977
2,129,292	1,937,854	191,438	4,705,455	4,468,597	236,858
(36,617)	87,982	124,599	358,979	532,927	173,948
—	—	—	29,500	29,539	39
(13,414)	(13,414)	—	12,686	10,266	(2,420)
—	—	—	(494,958)	(494,958)	—
—	—	—	(27,788)	(27,639)	149
—	1,692	1,692	561	(7,692)	(8,253)
(15,883)	(15,883)	—	(93,646)	(93,646)	—
—	21,251	21,251	—	21,251	21,251
—	244	244	—	494	494
(29,297)	(6,110)	23,187	(573,645)	(562,385)	11,260
(65,914)	81,872	147,786	(214,666)	(29,458)	185,208
176,642	176,642	—	347,094	389,857	42,763
$ 110,728	$ 258,514	$ 147,786	$ 132,428	$ 360,399	$ 227,971

Combined Statement of Changes in Financial Position
All Proprietary Fund Types and Similar Trust Funds

For the Fiscal Year Ended June 30, 1983
(Dollars in Thousands)

	Proprietary Fund Types			Fiduciary Fund Types		Totals (Memorandum Only) Year Ended	
Sources of Working Capital:	Enterprise	Internal Service	Public Benefit Corporations	Pension Trust	Nonexpendable Trust	June 30, 1983	June 30, 1982
Operations:							
Net Income (Loss)	$ 765	$ (267)	$ 29,406	$547,340	$ 395	**$577,639**	$394,503
Items Not Requiring Working Capital:							
Depreciation	1,182	7,607	236	—	6	**9,031**	9,417
Amortization	—	—	36	22,459	—	**22,495**	7,515
Loss (Gain) on Sale of Fixed Assets	12	40	—	—	—	**52**	(197)
Working Capital Provided by Operations	1,959	7,380	29,678	569,799	401	**609,217**	411,238
Increase in Capital Appropriated	—	201	—	—	—	**201**	—
Increase in Long-Term Debt Payable	—	—	191,304	—	—	**191,304**	360,401
Sale of Equipment	—	1	—	—	—	**1**	—
Addition in Retained Earnings Due to Prior Period Adjustment	981	—	—	—	—	**981**	—
Total Sources of Working Capital	2,940	7,582	220,982	569,799	401	**801,704**	771,639
Uses of Working Capital:							
Acquisition of Property, Plant, and Equipment	1,179	6,852	489	—	11	**8,531**	8,723
Increase in Systems Development Cost	—	—	42	—	—	**42**	34
Reduction in Long-Term Debt Payable	500	3,517	—	—	—	**4,017**	10,269
Increase in Long-Term Investments	—	—	—	568,805	8	**568,813**	288,288
Increase in Construction in Progress	—	—	—	—	—	**—**	321
Reduction in Retained Earnings Due to Prior Period Adjustment	—	200	—	—	—	**200**	862
Total Uses of Working Capital	1,679	10,569	531	568,805	19	**581,603**	308,497
Net Increase (Decrease) in Working Capital	$ 1,261	$ (2,987)	$220,451	$ 994	$ 382	**$220,101**	$463,142
Elements of Net Increase (Decrease) in Working Capital:							
Cash and Short-Term Investments	$ 367	$ 45	$ (80,099)	$ 6,483	$ 356	**$ (72,848)**	$102,104
Short-Term Securities	—	—	193,730	(3,437)	98	**190,391**	85,393
Other Securities	—	—	249	—	—	**249**	177
Receivables	87	166	54,782	1,732	(46)	**56,721**	236,864
Inventories	2,753	(216)	2,811	—	71	**5,419**	(913)
Prepaid Expenses	(192)	116	(540)	—	—	**(616)**	634
Payables, Deposits, and Other Liabilities	(1,754)	(2,828)	52,548	(1,893)	(97)	**45,976**	47,771
Retirement Benefits Payable	—	—	—	(1,743)	—	**(1,743)**	(1,433)
Retirement Refunds Payable	—	—	—	(148)	—	**(148)**	(827)
Deferred Revenue	—	(270)	(343)	—	—	**(613)**	(712)
Due to Program Participants	—	—	2,151	—	—	**2,151**	(1,734)
Escrows	—	—	(4,838)	—	—	**(4,838)**	(4,182)
Net Increase (Decrease) in Working Capital	$ 1,261	$ (2,987)	$220,451	$ 994	$ 382	**$220,101**	$463,142

The accompanying notes are an integral part of this financial statement.

Combined Statement of Changes in Contributed Capital
All Proprietary Fund Types

For the Fiscal Year Ended June 30, 1983
(Dollars in Thousands)

	Enterprise Fund	Internal Service Fund	Public Benefit Corporations	Totals (Memorandum Only) Year Ended June 30, 1983	Totals (Memorandum Only) Year Ended June 30, 1982
Contributed Capital, Beginning Balance	$ —	$5,368	$ —	**$5,368**	$5,368
Capital Contributions	—	202	—	**202**	—
Contributed Capital, Ending Balance	$ —	$5,570	$ —	**$5,570**	$5,368
Source of Contributed Capital:					
General Fund Appropriations	$ —	$3,338	$ —	**$3,338**	$3,338
Contributed Property and Equipment	—	2,232	—	**2,232**	2,030
Total Contributed Capital	$ —	$5,570	$ —	**$5,570**	$5,368

The accompanying notes are an integral part of this financial statement.

Statement of Revenues, Expenditures, and Changes in Fund Balance Higher Education Fund

For the Fiscal Years Ended June 30, 1983, and 1982

(Dollars in Thousands)

	Year Ended June 30, 1983	Year Ended June 30, 1982
Revenues:		
Educational and General:		
Student Tuition and Fees	$ 202,500	$ 167,336
Governmental Grants and Contracts—Federal	119,591	119,240
Governmental Grants and Contracts—State Agencies	4,147	11,628
Governmental Grants and Contracts—Local	1,735	3,505
Gifts and Private Grants	23,931	21,524
Endowment Income	221	222
Sales and Services of Educational Departments	2,451	2,509
Indirect Costs Recovered	9,601	10,295
Other Sources	11,080	7,132
Total Education and General	366,257	343,391
Auxiliary Enterprises—Academic	133,190	114,304
Auxiliary Enterprises—Medical Hospitals:		
Patient Revenue—Per Diem Revenue	143,201	116,956
Patient Revenue—Other Fees	65,347	77,096
Other Medical Hospital Auxiliary Enterprises	18,594	2,947
Total Revenues	726,589	654,694
Expenditures:		
Educational and General:		
Instruction	394,594	354,753
Student Aid	128,231	128,249
Physical Health Services	158,464	137,956
Institutional Support Services	94,516	87,519
Academic Support	97,702	85,075
Operation and Maintenance of Plant	82,737	77,518
Administrative and Support Services	63,017	58,279
Student Services	40,717	36,849
Public Services	28,151	26,193
Research	18,731	17,895
Other Expenditures	599	171
Total Educational and General	1,107,459	1,010,457
Capital Outlay	110,696	91,181
Auxiliary Enterprises	127,427	108,799
Total Expenditures	1,345,582	1,210,437
Revenues Under Expenditures	(618,993)	(555,743)
Other Financing Sources (Uses):		
Appropriation Act Transfers	(256)	—
Proceeds from Sale of Bonds	59,373	21,184
Operating Transfers In	653,623	556,088
Operating Transfers Out	(95,430)	(26,977)
Net Increase in Assets Held by Trustees	6,822	—
Total Other Financing Sources (Uses)	624,132	550,295
Revenues and Other Sources Over (Under) Expenditures and Other Uses	5,139	(5,448)
Fund Balance, July 1, as adjusted (Notes 3 & 6)	51,438	4,989
Fund Balance, June 30	$ 56,577	$ (459)

The accompanying notes are an integral part of this financial statement.

Notes to Financial Statements

Notes to Financial Statements

June 30, 1983

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The accompanying financial statements have been prepared in conformance with generally accepted accounting principles as prescribed by the National Council on Governmental Accounting (NCGA) and the Financial Accounting Standards Board (FASB), except as noted in these notes to the financial statements.

For financial reporting purposes, the Commonwealth of Virginia includes all funds and account groups and all agencies, boards, commissions, and authorities that are controlled by, or are dependent upon, the Commonwealth and whose financial transactions are recorded in the State accounting system or included through year-end adjustments.

NCGA Statement No. 3, "Defining the Governmental Reporting Entity," is effective for fiscal years ending after December 31, 1982. This pronouncement describes the criteria for determining the organizations, functions, and activities which should be included in the general purpose financial statements of the Commonwealth. Statement No. 3 excludes joint governmental activities from individual state financial reports. Criteria for inclusion in the general purpose financial statements must be determined on the basis of accountability for fiscal matters, designation of management, ability to significantly influence operations, selection of governing authority, scope of public service, and any special relationships. The inclusion of an organization, function, fund, or activity in no way alters the defined prerogatives of management with regard to the organization, function, fund, or activity. Based on the NCGA Statement No. 3 criteria, the following organizations have been determined to be part of the financial reporting entity of the Commonwealth and, accordingly, are included in this year's Annual Report:

- Virginia Education Loan Authority; and,
- Virginia Housing Development Authority.

B. Fund Structure

The accompanying financial statements are presented in four classifications of funds and two account groups. The fund classifications include governmental funds, proprietary funds, fiduciary funds, and the Higher Education Fund. Account groups are presented for General Long-Term Obligations and General Fixed Assets. The fund classification and a description of each existing fund type and account group follow:

1. Governmental Funds

Transactions related to expendable resources received and used for those services traditionally provided by a state government, which are not accounted for in other funds, are accounted for in governmental funds. The governmental fund measurement focus is on determination of financial position and related changes thereto, rather than on income determination. Governmental funds include:

a. **General Fund**—Reflects transactions related to resources received and used for those services traditionally provided by a state government, which are not accounted for in any other fund. These services include general government, legislative, public safety, judicial, health and mental health, human resources, licensing and regulation, and primary and secondary education.

b. **Special Revenue Funds**—Reflect transactions related to resources received and used for restricted or specific purposes. The Special Revenue Fund includes transactions related to resources used in support of public health services, welfare costs, agriculture, state park services, and highway maintenance and construction.

c. **Debt Service Funds**—Reflect transactions related to resources retained and used for the payment of interest and principal on those long-term debt obligations recorded in the General Long-Term Obligations Account Group.

d. **Capital Projects Funds**—Reflect transactions related to resources received and used for the acquisition, construction, or improvement of certain capital facilities.

2. Proprietary Funds

Transactions related to those commercial activities that a state government operates are accounted for in the proprietary funds. These funds differ from governmental funds in that the measurement focus is on income determination, which, together with the maintenance of equity, are important financial indicators. Proprietary funds include:

a. **Enterprise Funds**—Reflect transactions related to resources received and used for the financing of self-supporting activities of the Commonwealth which offer products and services on a user-charge basis to the general public. This fund reflects the activities of:

- The Department of Alcoholic Beverage Control (ABC), which operates facilities for the distribution and sale of distilled spirits and wine to the general public, and enforces the Commonwealth's alcoholic beverage statutes; and,
- The Virginia Industries for the Blind, a unit within the Virginia Department for the Visually Handicapped, which manufactures products for sale to federal, State, and local governments, certain private organizations, and the general public.

b. **Internal Service Funds**—Reflect transactions related to resources received and used for the financing of services and commodities furnished by designated agencies to other agencies, institutions, or other governmental units of the Commonwealth. The services and commodities furnished by these designated agencies are charged to the recipient agency on a cost-reimbursement basis.

c. **Public Benefit Corporations**—Reflect transactions related to resources received and used for the financing of services supplied by the Virginia Education Loan Authority (VELA) and Virginia Housing Development Authority (VHDA), which are not agencies of the State, but are includable in the Commonwealth's financial reporting entity under NCGA Statement No. 3. These organizations are empowered by the Code of Virginia to provide certain services.

3. **Fiduciary Funds**

Transactions related to assets held by the Commonwealth in a trust or agency capacity are accounted for in fiduciary funds. The Commonwealth's fiduciary funds include Pension Trust, Nonexpendable Trusts, Expendable Trusts, and Agency Funds as follows:

a. **Pension Trust Funds**—Reflect the transactions, assets, liabilities, and fund equities of Commonwealth-administered retirement systems (see Note 1.H.).

b. **Nonexpendable Trust Funds**—Reflect the transactions, assets, liabilities, and fund equity of trusts whose principal must be maintained intact and whose income is used to fund the activity.

c. **Expendable Trust Funds**—Reflect the transactions, assets, liabilities, and fund equity of trusts whose principal and income may be used for the purposes of the trust.

d. **Agency Funds**—Reflect amounts held in trust by the Commonwealth for others.

4. **Account Groups**

Account groups are used to establish accounting control and accountability for the Commonwealth's general fixed assets and the unmatured principal of its general long-term debt and other long-term obligations of governmental funds. General fixed assets do not represent financial resources available for appropriation and expenditure, nor does the unmatured principal of general long-term debt and other long-term obligations require current appropriation and expenditure of governmental fund financial resources.

a. **General Fixed Assets Account Group**—Accounts for general fixed assets that are not accounted for in the proprietary funds and similar trust funds, or Higher Education funds. The Commonwealth has developed and implemented a Statewide automated fixed assets accounting system, which facilitates the reporting of the Commonwealth's general fixed assets. Implementation of the system is not complete; however, the General Fixed Assets Account Group includes the majority of the land, buildings, and EDP equipment owned by the Commonwealth. In the opinion of management, these assets represent a materially significant percentage of the State's total capital assets.

b. **General Long-Term Obligations Account Group**—Accounts for obligations that are not recorded as current liabilities in governmental funds. These obligations include those which are backed by the full faith and credit of the Commonwealth—unmatured and unredeemed long-term general obligation bonds payable and estimated tax refunds payable—as well as those obligations which are not backed, but are includable in the Commonwealth's reporting entity. Unmatured long-term debt relating to obligations of the proprietary funds, fiduciary funds, and Higher Education Fund activity is accounted for within those funds.

5. **Higher Education Fund**

The Higher Education Fund reflects transactions related to resources received and used in the operation of the Commonwealth's institutions of higher education and related medical teaching hospitals. Local and endowment funds under the control of the various institutions' governing bodies are excluded from these financial statements. As a result of the exclusion of these funds and the method of reporting certain current restricted fund activity, the Commonwealth is not in complete conformance with generally accepted accounting principles for colleges and universities.

C. **Basis of Accounting for Funds**

Governmental Fund Types, Expendable Trusts, and Agency Funds—The accounts of the General, Special Revenue, Debt Service, Capital Projects, and Expendable Trust Funds are presented on a modified accrual basis. Under the modified accrual basis of accounting, revenues and other financial resources are recognized in the accounting period in which they become both measurable and available to finance operations of the fiscal year or liquidate liabilities existing at fiscal year end. Expenditures and other uses of financial resources are recognized when the related liability is incurred, except for items that are not planned to be liquidated with current available resources.

Proprietary Fund Types and Nonexpendable and Pension Trusts—The accounts of the Enterprise, Internal Service, Public Benefit Corporations, Nonexpendable Trust, and Pension Trust Funds are presented on an accrual basis.

Higher Education Fund—The Higher Education Fund is presented on a modified accrual basis except for student and patient accounts receivable, which have been accrued.

D. **Budget**—The Commonwealth's annual budget is prepared principally on a cash basis and represents departmental appropriations as authorized by the Legislature. Accordingly, data presented for both budget and actual in the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual—General and Special Revenue Funds is on a cash basis.

The following schedule summarizes the budget for the biennium according to Chapter 622, 1983 Acts of Assembly:

Analysis of General Fund Budget
(Dollars in Millions)

	1982-84 Biennium	Biennium Breakdown FY 1983	FY 1984
Beginning Fund Balance:			
Operating	$ 113.0	$ 113.0	
Capital Outlay Reappropriations	57.5	57.5	
Total	170.5	170.5	$ 21.7
Add Estimated Revenues	6,392.9	3,027.3	3,365.6
Total Available Funds	6,563.4	3,197.8	3,387.3
Less Appropriations (a)	(6,375.4)	(3,098.3)	(3,277.1)
Total Available	188.0	99.5	110.2
Less Capital Outlay (b)	(172.5)	(77.8)	(94.7)
Ending Fund Balance	$ 15.5	$ 21.7	$ 15.5

(a) Appropriations consist primarily of operating expenditures and transfers to Higher Education and Debt Service.

(b) Approximately $27.9 million in planned capital outlay expenditures were frozen during fiscal 1983 and are not included in this analysis.

Since the presentation of financial data on a cash basis differs from that presented under generally accepted accounting principles ("GAAP"), a schedule reconciling the actual fund balance on a cash basis at June 30, 1983, to the actual fund balance on a modified accrual basis follows:

Fund Balance Comparison
Cash Basis to GAAP Basis
(Dollars in Thousands)

	General Fund	Special Revenue Fund
Fund Balance, June 30, 1983:		
Cash Basis	$101,885	$258,514
Add (Deduct):		
1983 Accrued Revenues:		
Taxes	111,121	—
Tax Refunds	(20,109)	—
Other Revenue	11,408	46,681
1983 Accrued Expenditures	(100,016)	(30,869)
Fund Balance, June 30, 1983: GAAP Basis	$104,289	$274,326

Budget figures presented in the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual—General and Special Revenue Funds reflect the final budget figures resulting from all legal adjustments to the budget. The beginning fund balances comprise the additional resources necessary to fund anticipated expenditures where budgeted expenditures exceed budgeted revenues. Appropriations for operating accounts are controlled to the subprogram level and generally lapse at year end.

E. **Inventories**—Inventoriable items in the governmental fund types are expensed when purchased. Inventories of the Internal Service Funds are stated at the lower of cost or market, using first in-first out methodology. The Department of Alcoholic Beverage Control and the Nonexpendable Trusts administered by the Department of Corrections maintain inventories at the lower of average cost or market. The Virginia Industries for the Blind maintains inventories at cost using first in-first out methodology.

F. **Receivables**—The following schedule details the accounts, loans, taxes, and other receivables presented in the various funds as of June 30, 1983. The amounts designated as "Allowance for Doubtful Accounts" and "Allowance for Uncollected Accounts" appear in brackets. As of June 30, 1983, the Commonwealth had gross taxes receivable of $214,861,000 of which $105,661,000 were associated with income taxes and sales taxes assessed in June, 1983. Of the remaining $109,200,000 balance of gross receivables, $5,460,000 were collected in July and August, 1983, and $24,500,000 are expected to be collected in the remainder of fiscal 1984. The remaining $79,240,000 of the $109,200,000 are not currently estimated to be collectible.

Schedule of Receivables
June 30, 1983
(Dollars in Thousands)

	Accounts & Loans Receivable (Allowance for Doubtful Accounts)	Taxes Receivable (Allowance for Uncollected Accounts)	Other Receivables
General Fund	$ 991	$214,861	$ 959
	—	(103,740)	—
	991	111,121	959
Special Revenue Funds	148,776	—	—
	(41,009)	—	—
	107,767	—	—
Enterprise Funds	1,446	—	—
	(17)	—	—
	1,429	—	—
Internal Service Funds	3,112	—	716
	(69)	—	—
	3,043	—	716
Public Benefit Corporations	1,284,321	—	2,838
	—	—	—
	1,284,321	—	2,838
Trust & Agency Funds	283,808	—	45
	(10,012)	—	—
	273,796	—	45
Higher Education Funds	190,740	—	—
	(89,570)	—	—
	101,170	—	—
Total Receivables (Net)	$1,772,517	$111,121	$4,558

G. **Fixed Assets**—Governmental general fixed assets are stated at historical cost or in some instances, the best estimates of historical cost, in the General Fixed Assets Account Group. Infrastructures, including highways, bridges, and rights-of-way, are not capitalized. No depreciation expense is recognized on general fixed assets recorded in the General Fixed Assets Account Group, but accumulated depreciation is calculated and reported in the General Fixed Assets Account Group in order to reflect the book value of

those fixed assets. The accumulated depreciation is offset in the Investment in General Fixed Assets line item on the Balance Sheet. The schedule which follows shows the accumulated depreciation and net book value of the General Fixed Assets:

General Fixed Assets Account Group
June 30, 1983
(Dollars in Thousands)

	Total Fixed Assets	Accumulated Depreciation	Net Fixed Assets
Land	$101,325	$ —	$101,325
Buildings	374,225	151,441	222,784
Equipment	2,688	1,362	1,326
Improvements Other than Buildings	82,044	29,162	52,882
Construction in Progress	3,734	—	3,734
General Fixed Assets	$564,016	$181,965	$382,051

The following schedule presents the initial establishment of the General Fixed Assets Account Group by class:

Schedule of General Fixed Assets
(Dollars in Thousands)

	Balance July 1, 1982	Initial Implementation	Acquisitions	Deletions	Balance June 30, 1983
Land	$ —	$101,325	$ —	$ —	$101,325
Buildings	—	374,225	—	—	374,225
Equipment	—	2,688	—	—	2,688
Improvements Other than Buildings	—	82,044	—	—	82,044
Construction in Progress	—	3,734	—	—	3,734
Totals	$ —	$564,016	$ —	$ —	$564,016

The "Initial Implementation" column noted above represents the initial input into the newly-developed automated system of general fixed assets purchased prior to June 30, 1983, and capitalized as of that date.

Fixed assets of the proprietary funds and similar trust funds are accounted for within those funds. Fixed assets in the Higher Education Fund are comprised of real property and equipment recorded at historical cost. Although no depreciation expense is recognized in the Higher Education Fund, accumulated depreciation is calculated at straight-line with lives of 3 to 50 years in order to reflect the book value of those fixed assets. The accumulated depreciation is offset in the Investment in General Fixed Assets line item on the Balance Sheet.

The following schedule details the cost basis, method of depreciation, and estimated lives related to fixed assets in the proprietary funds and similar trust funds:

Valuation Methods for Fixed Assets in the Proprietary and Similar Trust Funds

Fund	Fixed Asset	Cost Basis	Depreciation Method	Estimated Life
Enterprise	Real Property and Equipment	Historical Cost	Straight-line	3-50 years
Internal Service	Real Property and Equipment	Historical Cost	Straight-line, except for unit of production for vehicles operated by Central Garage	3-30 years
Public Benefit Corporations	Real Property and Equipment	Historical Cost	Straight-line	3-20 years
Trust and Agency	Equipment	Historical Cost	Straight-line	3-10 years

The following schedule details the amounts for fixed assets not recorded in the General Fixed Assets Account Group:

Summary of Fixed Assets in Proprietary, Fiduciary, and Higher Education Funds
June 30, 1983
(Dollars in Thousands)

	Enterprise	Internal Service	Public Benefit Corporations	Fiduciary	Higher Education
Land	$ 1,644	$ 279	$ 453	$ —	$ 78,647
Buildings	9,019	2,845	2,375	—	753,036
Less Accumulated Depreciation	(5,837)	(344)	(271)	—	(301,584)
Equipment	8,586	46,057	1,297	56	109,908
Less Accumulated Depreciation	(5,152)	(29,225)	(458)	(26)	(69,200)
Improvements Other than Buildings	—	—	—	—	14,764
Less Accumulated Depreciation	—	—	—	—	(480)
Construction in Progress	—	—	—	—	56,754
Net Fixed Assets	$ 8,260	$19,612	$ 3,396	$ 30	$641,845

H. **Investments**—Investments are principally comprised of monies held by the Virginia Supplemental Retirement System (VSRS) and the State Treasurer. The short-term investments held by the State Treasurer are stated at cost, which approximates market value.

Investments held by VSRS, except for common stocks and real estate pool participations, are stated at cost or amortized cost. Common stocks are carried at the lower of cost or market. The cost of investments sold is the average cost of the aggregate holding of the specific investment sold. Real estate pool participations are carried at values adjusted to recognize VSRS's share of realized net income or losses in the periods in which they are reported by the pools.

Investments held by the Public Benefit Corporations, Virginia Education Loan Authority and Virginia Housing Development Authority, qualify as legal investments held by fiduciaries under the laws of the Commonwealth. Investments are carried at amortized cost rather than at the lower of cost or market, in that it is generally management's intention to hold them to maturity.

The following schedule details the investments reported in the various funds at June 30, 1983.

Schedule of Investments
June 30, 1983
(Dollars in Thousands)

	Public Benefit Corporations	Trust & Agency
Bonds	$ —	$1,164,410
Stocks	—	1,342,249
Short-Term Securities	715,038	238,744
Other Securities	1,595	63,529
Real Estate	—	261,011
Total Investments	$716,633	$3,069,943

I. **Systems Development Cost**—In accordance with SFAS No. 2, the Virginia Education Loan Authority (VELA) capitalizes and amortizes over five years the research and development costs relating to its creation of its automated student loan servicing system.

J. **Total Columns on Combined Statements**—The total columns on the Combined Financial Statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns does not present consolidated financial position, results of operations, or changes in financial position. The amounts presented for the year ended June 30, 1983 are reported on a modified accrual or accrual basis, as is appropriate for the various funds. For 1982, proprietary funds and similar trusts are presented on an accrual basis. It was not possible to present the other funds on a modified accrual basis, and, accordingly, they are reported primarily on a cash basis for 1982.

K. **Long-Term Liabilities**—Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Obligations Account Group. Expenditures for principal and interest payments on general obligation bonds and certain revenue-producing bonds are recognized in the Debt Service Fund when paid. Long-term liabilities expected to be financed from the proprietary funds and the Higher Education Fund, as well as the related interest payments, are accounted for in those funds.

L. **Deferred Revenue**—Deferred revenue represents monies received but not yet earned as of June 30, 1983. The majority of this amount is reported in the Higher Education Fund, where it is primarily composed of student tuition fees received in advance of the term.

M. **Encumbrances**—Encumbrances are not included in the accompanying financial statements, because the Code of Virginia does not permit the continuance of spending authority beyond the balance sheet date.

N. **Loans Receivable From Proprietary Funds**—Long-term loans receivable in the General Fund (Loans Receivable From Proprietary Funds) have been offset by long-term loans payable in the proprietary funds (Loans Payable to the General Fund). During the 1983 session, the General Assembly required that the advance of $10,200,000 to the Enterprise Fund be repaid, in amounts of $200,000 the first year (fiscal 1983) and $1,000,000 each year thereafter until repayment is complete. Advances of $10,000,000 to the Enterprise Fund and $5,375,000 to the Internal Service Funds represent working capital advances from the General Fund. These advances are used primarily to finance inventories and/or to provide working capital for the respective activities. Advances to all proprietary funds are not available for expenditure by the General Fund, and, accordingly, the General Fund Balance has been reserved for all advances that are not expected to become available for expenditure by the General Fund.

O. **Reserved Fund Balance**—Reserved Fund Balance indicates that portion of Fund Balance which is legally segregated for specific future use. The following schedule lists the amount and purpose for the reservation in each of the appropriate funds.

Schedule of Reserved Fund Balance
June 30, 1983
(Dollars in Thousands)

	General Fund	Debt Service Fund	Trust & Agency	Higher Education
Reserved for VIMS Loan	$ 5,795	$ —	$ —	$ —
Reserved for Working Capital Advances	14,375	—	—	—
Reserved for Pension Benefits	—	—	2,928,844	—
Reserved for Debt Service	—	42,125	—	6,822
Total Reserved Fund Balance	$20,170	$ 42,125	$2,928,844	$ 6,822

P. **Tax Refunds**—The estimate for refunds due taxpayers is calculated annually using statistical data derived from income taxes filed in previous years. Amounts to be refunded from current available resources have been included in the General Fund and apply to income tax returns for the calendar year 1982. Estimated refunds applicable to tax returns being filed for calendar year 1983 have been included in the General Long-Term Obligations Account Group, since traditionally refunds are made in the following calendar year.

2. RETIREMENT AND PENSION SYSTEMS—Employees participate in one of three contributory retirement systems. The Virginia Supplemental Retirement System (VSRS) provides retirement benefits to Commonwealth employees and teachers. The State Police Officers' Retirement System provides retirement benefits to Virginia State police officers, and the Judicial Retirement System provides retirement benefits to the Commonwealth's judges.

The latest actuarial valuation prepared for the three retirement systems is as of June 30, 1982, using the entry-age normal cost method. The Commonwealth's contribution and the unfunded liability of the plans are actuarially determined every two years. The June 30, 1982, valuation will be used to compute the Commonwealth's contribution and unfunded liability for the 1984-86 biennium. Based on the June 30, 1980, valuation, the Commonwealth contributed $183,186,000 for the year ended June 30, 1983, compared to a contribution of $142,596,000 for the prior fiscal year. The Commonwealth funds the retirement system on a "level funded" basis, which will amortize unfunded accrued liabilities over a forty-year period on an even basis. The actuarial present value of future additional contributions to be made by the Commonwealth for prior service costs was $2,576,128,000 on June 30, 1983, and represented an actuarial valuation on June 30, 1982, less current year contributions. There were no significant changes in the pension plans during the current fiscal year that would affect comparability with prior years.

3. **COMPARABILITY WITH PRIOR YEARS**—At June 30, 1982, amounts related to construction activities at higher education institutions that were expended in the Capital Projects Fund could not be identified. In the current year, these amounts have been identified and, accordingly, have been reclassified from the Capital Projects Fund to the Higher Education Fund.

   Investments held by VSRS in real estate pool participations are carried at values adjusted to recognize VSRS' share of net income or loss in the periods in which they are reported by the pools. In prior years, these investments were carried at cost. The comparative totals for 1982 have been restated to reflect this change.

   In prior years' Annual Reports, fixed assets were not presented in the General Fixed Assets Account Group. With the inception of the Statewide automated fixed assets accounting system (Note 1), a significant amount of fixed assets in the governmental fund types has been reported in this account group.

   During fiscal 1983, the Commonwealth changed its basis of accounting from cash basis to modified accrual basis for governmental and expendable trust funds. These changes include the recognition of delinquent taxes receivable, federal grants and contracts receivable, and other receivables, and the accrual of accounts payable and other liabilities. It was not possible to determine receivables and payables for accrual for the year ended June 30, 1981, and, accordingly, comparative totals for fiscal 1982 are primarily on a cash basis.

   Local and endowment funds at the Commonwealth's museums, mental health institutions, and correctional institutions have been included in the Commonwealth's financial statements. The 1982 totals have been restated to include these funds.

   In order to further match activities with the appropriate fund, accounts reflecting the manufacturing activities at the Virginia Industries for the Blind have been reclassified from the Special Revenue Fund to the Enterprise Fund. The comparative totals for 1982 have been restated to reflect this change.

   In accordance with NCGA Statement No. 3, certain organizations not previously included in the Annual Report have been determined to be part of the financial reporting entity of the Commonwealth (See Note 1). The 1982 totals have been restated to include these organizations.

   Activities related to the Treasurer's function as trustee for various funds and functions which were previously not included in the Annual Report have been determined to be part of the Commonwealth's financial reporting entity and are therefore included in both the 1983 and 1982 presentations in this Annual Report. These funds include the Virginia Public School Authority, sinking funds for general obligation and revenue bonds, bond activity for bonds not backed by the full faith and credit of the Commonwealth, and numerous trust funds administered by the Treasury.

4. **NET ACCRUAL ADJUSTMENTS**—For the fiscal year ended June 30, 1982, accruals were made for Balance Sheet purposes only, including accruals for taxes and other receivables, accrued interfund interest, and accounts payable. All of these accruals were offset in the Balance Sheet line item, "Net Accrual Adjustments."

5. **UNDESIGNATED FUND BALANCE**—The effect of the accrual adjusting entries has been reported on the Fund Equity line item, Fund Balance—Unreserved, Undesignated for fiscal 1983.

6. **ADJUSTMENTS TO BEGINNING FUND BALANCE/ RETAINED EARNINGS**—In years prior to 1983, the Commonwealth's financial statements were presented on the basis of the accounting adopted for budgeting purposes. Certain changes were made in the Commonwealth's reporting practices for the fiscal year ended June 30, 1983, to present the financial statements in accordance with generally accepted accounting principles. In addition, the reporting entity has been expanded and certain funds reclassified to include amounts not previously included, and, accordingly, 1982 memorandum totals have been restated. The following schedule details the restatements made to Fund Balances or Retained Earnings as of June 30, 1982, to give retroactive effect to these changes:

Restatement of Beginning Fund Balance/Retained Earnings
(Dollars in Thousands)

	General Fund	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Public Benefit	Trust and Agency	Higher Education
Fund Balance/Retained Earnings June 30, 1982, as previously reported	$213,215	$216,474	$ —	$ 425	$ 4,707	$ 22,545	$ —	$2,693,614	$ (459)
Reclassifications:									
To include the Treasurer's function as trustee for various funds and functions	—	(59,249)	30,264	54,984	—	—	—	4,538	—
To report the Virginia Industries for the Blind as an Enterprise Fund	—	(421)	—	—	573	—	—	—	—
To record the effect of including local and endowment funds at various institutions	—	—	—	—	—	—	—	4,696	—
To include certain organizations determined to be part of the reporting entity in accordance with NCGA Statement No. 3.	—	—	—	—	—	—	146,174	—	—
Other Reclassifications	—	—	—	—	—	—	—	201,591	—
Subtotal	213,215	156,804	30,264	55,409	5,280	22,545	146,174	2,904,439	(459)
To record effect of 1982 accrued revenues and expenditures	28,223	27,248	—	(150)	—	—	—	15,768	51,897
Other	—	30,029	(129)	2,738	982	582	—	(3,634)	—
Fund Balance/Retained Earnings, June 30, 1982, as adjusted	$241,438	$214,081	$30,135	$ 57,997	$ 6,262	$ 23,127	$146,174	$2,916,573	$ 51,438

7. ACCRUED VACATION AND SICK LEAVE POLICY—Each agency of the Commonwealth maintains records that reflect cumulative vacation and sick leave hours earned. Vacation and sick leave are accrued at the following rates:

Years of Service	Vacation Leave	Sick Leave
1 through 4	4 hours per semi-monthly pay period, to a maximum accumulation of 192 hours at the end of each calendar year	5 hours per semi-monthly pay period
5 through 9	5 hours per semi-monthly pay period, to a maximum accumulation of 240 hours at the end of each calendar year	5 hours per semi-monthly pay period
10 through 19	6 hours per semi-monthly pay period, to a maximum accumulation of 288 hours at the end of each calendar year	5 hours per semi-monthly pay period
20 and over	7 hours per semi-monthly pay period, to a maximum accumulation of 336 hours at the end of each calendar year	5 hours per semi-monthly pay period

Terminating employees with a minimum of five years of service are permitted to receive 25 percent of the value of their accumulated sick leave, to a maximum of $2,500. Terminating employees are paid for accrued vacation leave at their current earnings rate. Because dollar amounts related to hours earned are not currently maintained centrally, disclosure of the related accrued liability is not included in the accompanying financial statements. However, the Department of Accounts has begun the implementation of a Statewide leave accounting system designed, in part, to provide Statewide data relating to accrued liabilities for compensated absences, as required by NCGA Statement No. 4, "Accounting and Financial Reporting Principles for Claims and Judgments and Compensated Absences," which will be effective for the year ending June 30, 1984.

8. SEGMENT INFORMATION—ENTERPRISE FUNDS

The Commonwealth currently has two Enterprise Funds which are intended to be self-supporting through charges to users of their products and services. These Enterprise Funds are:

- The Department of Alcoholic Beverage Control (ABC) which operates facilities for the distribution and sale of distilled spirits and wine.
- The Virginia Industries for the Blind manufactures products for sale to governments, certain private organizations, and the general public.

Selected financial information by Enterprise Fund activity for the year ended June 30, 1983, is presented below:

Selected Segment Information
For the Year Ended June 30, 1983
(Dollars in Thousands)

	Department of Alcoholic Beverage Control	Virginia Industries for the Blind
Operating Revenues	$247,765	$ 2,782
Depreciation Expense	1,170	12
Operating Income	34,927	(18)
Net Operating Transfers Out	(34,150)	(48)
Net Nonoperating Revenues	(257)	311
Net Income	520	245
Property, Plant, and Equipment Additions	873	306
Net Working Capital	(1,239)	1,506
Total Assets	36,901	1,943
Total Liabilities	31,675	142
Total Equity	5,226	1,801

9. LONG-TERM OBLIGATIONS

Commonwealth bonds, issued pursuant to Sections 9 (b) and 9 (c) of Article X of the Constitution of Virginia, are backed by the full faith, credit, and taxing power of the Commonwealth. Commonwealth of Virginia bonds are divided into two major groupings, consisting of general obligation bonds authorized by the citizens of Virginia through bond referenda to finance capital projects, retired through the use of State appropriations, and bonds for financing capital projects which, when completed, will generate revenue to repay the debt. All of these bonds, except the Higher Educational Institutions and Mental Hospitals and Institutions Bonds, Series 1969, are callable after approximately ten years, at the option of the Commonwealth of Virginia, from any available revenues. In addition, the Transportation Facilities Bonds, Series 1973, due in 1993, can be called at par value beginning June 1, 1983, from amounts that are required to be deposited into a sinking fund from the revenues of the Richmond-Petersburg Turnpike Authority for the years 1983 through 1993. As of June 30, 1983, none of these bonds had been called.

The following schedules detail the annual funding requirements necessary to amortize both 9(b) General Obligation and 9(c) Revenue Bonds. These bonds are the only bonds backed by the full faith, credit, and taxing power of the Commonwealth and, therefore, are the only bonds for which debt service requirements to maturity are presented. Principal and interest requirements for the current year totaled $17,648,000 for General Obligation and $13,335,635 for 9(c) Revenue Bonds.

GENERAL OBLIGATION BONDS
Debt Service Requirements to Maturity
As of June 30, 1983

Maturity	Principal	Interest	Total
1984	$ 12,375,000	$ 4,704,000	$ 17,079,000
1985	6,575,000	4,136,000	10,711,000
1986	6,575,000	3,840,000	10,415,000
1987	6,575,000	3,544,000	10,119,000
1988	6,575,000	3,248,000	9,823,000
1989	6,575,000	2,952,000	9,527,000
1990	6,575,000	2,653,000	9,228,000
1991	6,575,000	2,351,000	8,926,000
1992	6,575,000	2,048,000	8,623,000
1993	6,575,000	1,742,000	8,317,000
1994	6,575,000	1,432,000	8,007,000
1995	6,575,000	1,118,000	7,693,000
1996	6,575,000	802,000	7,377,000
1997	6,575,000	483,000	7,058,000
1998	6,575,000	161,000	6,736,000
Total	$104,425,000	$ 35,214,000	$139,639,000

REVENUE BONDS
Debt Service Requirements to Maturity
As of June 30, 1983

Maturity	Principal	Interest	Total
1984	$ 5,841,000	$ 17,097,269	$ 22,938,269
1985	5,890,000	16,018,453	21,908,453
1986	6,175,000	15,677,690	21,852,690
1987	7,145,000	15,289,765	22,434,765
1988	7,710,000	14,831,178	22,541,178
1989	8,390,000	14,319,577	22,709,577
1990	8,735,000	13,767,052	22,502,052
1991	9,470,000	13,175,502	22,645,502
1992	9,925,000	12,542,815	22,467,815
1993	55,590,000	11,894,240	67,484,240
1994	8,660,000	9,099,340	17,759,340
1995	8,460,000	8,505,665	16,965,665
1996	8,850,000	7,884,815	16,734,815
1997	8,160,000	7,216,240	15,376,240
1998	8,710,000	6,563,465	15,273,465
1999	9,325,000	5,849,440	15,174,440
2000-2009	66,937,000	22,044,340	88,981,340
Total	$243,973,000	$211,776,846	$455,749,846

A summary of changes in long-term debt issued pursuant to Sections 9(b) and 9(c) for the year ended June 30, 1983, follows:

Schedule of Changes in Section 9(b) and 9(c) Long-Term Debt
For the Year Ended June 30, 1983

	July 1, 1982	Additions	Payments	June 30, 1983
Matured Debt Contained in Debt Service Fund	$ 372,279	$ —	$ —	$ 372,279
Unmatured Debt Contained in Long-Term Debt Account Group:				
General Obligation Bonds	116,800,000	—	12,375,000	104,425,000
Revenue Bonds	47,000,000	57,000,000	—	104,000,000
Unmatured Debt Contained in Higher Education Fund	75,917,000	68,201,000	4,145,000	139,973,000
Total Long-Term Debts Payable	$240,089,279	$125,201,000	$ 16,520,000	$348,770,279

At fiscal year end, the Commonwealth estimates the refunds payable on withheld income taxes. These refunds will be paid beginning in January 1984, out of collections made in fiscal 1984, and, accordingly, are reported in the Long-Term Obligations Account Group. At June 30, 1983, the amount of estimated tax refunds payable was $182,799,201.

The preceding paragraphs detailed information on the bonds backed by the full faith, credit, and taxing power of the Commonwealth. The following paragraphs describe indebtedness which is not backed by the full faith and credit of the Commonwealth but is included in the financial statements.

Prior to 1970, the governing bodies of various State colleges and universities were empowered, with the approval of the Governor and the General Assembly, to issue debt backed solely by a pledge of the revenue from specific revenue-producing capital projects, such as dormitories, student centers, and dining halls. This debt falls under the provisions of Section 9(d) of Article X. At June 30, 1983, the outstanding balance on this type of debt was $28,144,000. In addition, two other bond issues which fall under the provisions of Section 9(d) were issued after 1970. The bonds are for revenue-producing capital projects at the Medical College of Virginia and Norfolk State University. At June 30, 1983, the outstanding balance of these two issues was $104,780,000.

The Virginia Port Authority has issued bonds and notes pursuant to powers provided to its Board of Commissioners by the Code of Virginia. The debt service on these obligations has been paid in whole or in part by the Commonwealth and by revenues of the Port Authority. These bonds are not backed by the full faith and credit of the Commonwealth. At June 30, 1983, there were outstanding revenue bonds and long-term notes payable in the amount of $27,357,098.

The Department of Alcoholic Beverage Control and the Department of Computer Services have incurred long-term debt with commercial institutions in connection with the purchase of equipment. At June 30, 1983, the outstanding balance on this debt was $4,306,514.

The Virginia Public School Authority issues bonds for the purpose of providing additional funds for the purchase of bonds or other obligations issued by cities, counties, and towns of the Commonwealth for school capital projects. The bonds are payable from the funds of the Authority and do not constitute a debt of the Commonwealth. At June 30, 1983, $200,885,000 of Authority bonds were outstanding.

The Virginia Housing Development Authority and the Virginia Education Loan Authority issue bonds as part of their activities. This debt is not backed by the full faith and credit of the Commonwealth, and does not constitute a liability of the Commonwealth. At June 30, 1983, the outstanding long-term debt of the organizations was $1,351,665,685 and $393,976,093, respectively.

10. DUE TO/FROM OTHER FUNDS

Interfund advances of $75,685,613 due to the General Fund are composed of certain transfers and temporary advances made to other funds. These advances carried accrued interest of $2,150,623 at June 30, 1983, which is included in the financial statements as accrued interest payable. The purpose of these advances is to provide resources to initiate programs funded in whole or in part by the federal government, or to fund approved construction projects in anticipation of permanent financing.

Due to/from other funds balances at June 30, 1983, are as follows:

Schedule of Interfund Advances
June 30, 1983
(Dollars in Thousands)

Fund	Due from Other Funds	Due to General Fund
General	$63,672	$ —
Special Revenue	—	3,030
Capital Projects	—	5,756
Enterprise	—	14,861
Trust & Agency	12,014	12,014
Higher Education	—	40,025
Total	$75,686	$75,686

At June 30, 1983, approximately $5,970,000 ($6,145,000 at June 30, 1982) of an intra-fund loan in the General Fund represented a loan to the Virginia Institute of Marine Science (VIMS) for unauthorized expenditures in excess of appropriations made in prior years. Elimination of this loan is conditional upon the receipt of indirect cost recoveries from federal grants and contracts, or upon forgiveness by the Legislature. During their 1983 session, the General Assembly did forgive the repayment of $262,500, and, accordingly, General Fund equity has only been reserved by the balance that will exist at June 30, 1984. Commencing on July 1, 1982, fifty percent of all indirect cost recoveries received from federal grants and contracts by VIMS had begun being applied to this deficit.

11. PUBLIC BENEFIT CORPORATIONS

Public Benefit Corporations—In compliance with NCGA Statement No. 3, "Defining the Governmental Reporting Entity," the Commonwealth has included in the general purpose financial statements several organizations which meet the criteria established by Statement No. 3. The criteria for inclusion was determined on the basis of accountability for fiscal matters, designation of management, ability to significantly influence operations, selection of governing authority, scope of public service, and any special relationships. The inclusion of an organization in no way alters the defined prerogatives of the management of the organization, the organization's charter, statutory authority, or legal characteristics or conditions. The Commonwealth has included two such organizations in the Proprietary Fund Type classification, Virginia Education Loan Authority (VELA) and Virginia

Housing Development Authority (VHDA). Both organizations have been audited by independent certified public accounting firms and the amounts reported are based solely on the audited reports provided by those organizations.

The Commonwealth has no responsibility for any debt of these organizations nor does the Commonwealth claim any right to the assets of these organizations. Selected segment information is provided in the schedule below for these organizations:

Public Benefit Corporations
Selected Segment Information
For the Year Ended June 30, 1983

	Virginia Housing Development Authority	Virginia Education Loan Authority
Operating Revenues	$ 161,617	$ 43,896
Depreciation Expense	135	101
Operating Income	28,926	7,616
Net Nonoperating Expenses	(3,440)	(3,696)
Net Income	25,486	3,920
Property, Plant and Equipment Additions	11	478
Net Working Capital	1,484,319	433,413
Total Assets	1,628,321	442,418
Total Liabilities	1,494,408	400,751
Total Equity	133,913	41,667

12. COMMITMENTS AND CONTINGENCIES

A. **Leases**—The Commonwealth has entered into various leases for land, buildings, and equipment. All leases contain termination clauses providing for cancellation within certain time frames after written notice to lessors. In addition, all leases contain non-appropriation clauses indicating that continuation of the lease is subject to funding by the Legislature. It is expected that, in the normal course of business, most of these leases will be replaced by similar leases. For the current fiscal year, all lease payments were expensed. Information necessary for additional disclosures for rents, capital and operating leases, leasing transactions between related parties, and disclosures by lessors is not available.

B. **Grants and Contracts**—The Commonwealth has received federal grants for specific purposes that are subject to review and audit by the grantor agencies. Entitlements to the resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a federal audit may become a liability of the Commonwealth.

Institutions of higher education and other State agencies are required to comply with various federal regulations issued by the Office of Management and Budget, if such agencies are recipients of federal grants, contracts, or other sponsored agreements. Certain agencies within the Commonwealth may not be in total compliance with these regulations. Failure to have complied with certain systems requirements of these regulations may result in questions concerning the allowability of related direct and indirect charges to such agreements. We believe that the ultimate disallowance pertaining to these regulations, if any, will be immaterial to the overall financial condition of the Commonwealth.

C. **Litigation**—The Commonwealth is named as a party in legal proceedings which occur in the normal course of governmental operations, some involving substantial amounts. One such suit, against the Virginia State Department of Health and the Department of Social Services, involves a Medicaid eligibility rule and its legality. The Attorney General has advised that the Commonwealth has raised defenses which, if accepted, will absolve the Commonwealth of any liability. The case was noted for appeal to the United States Court of Appeals for the Fourth Circuit by the Commonwealth with respect to three aspects of the trial court's decision. A panel of the Court of Appeals affirmed the decision of the District Court, but the entire Fourth Circuit Court of Appeals granted a rehearing *en banc* which took place in December, 1983. The Court gave no indication of when it would issue a ruling. The Office of the Attorney General will not predict the likelihood of an unfavorable outcome in this case.

The Commonwealth, its officials and employees are also defendants in numerous other lawsuits, many of which seek recovery of monetary damages of an unspecified amount. It is not possible at the present time to estimate ultimate outcome or liability, if any, of the Commonwealth in respect to the various proceedings; however, it is believed that any ultimate liability resulting from these suits will not have a material, adverse effect on the financial condition of the Commonwealth.

General Fund

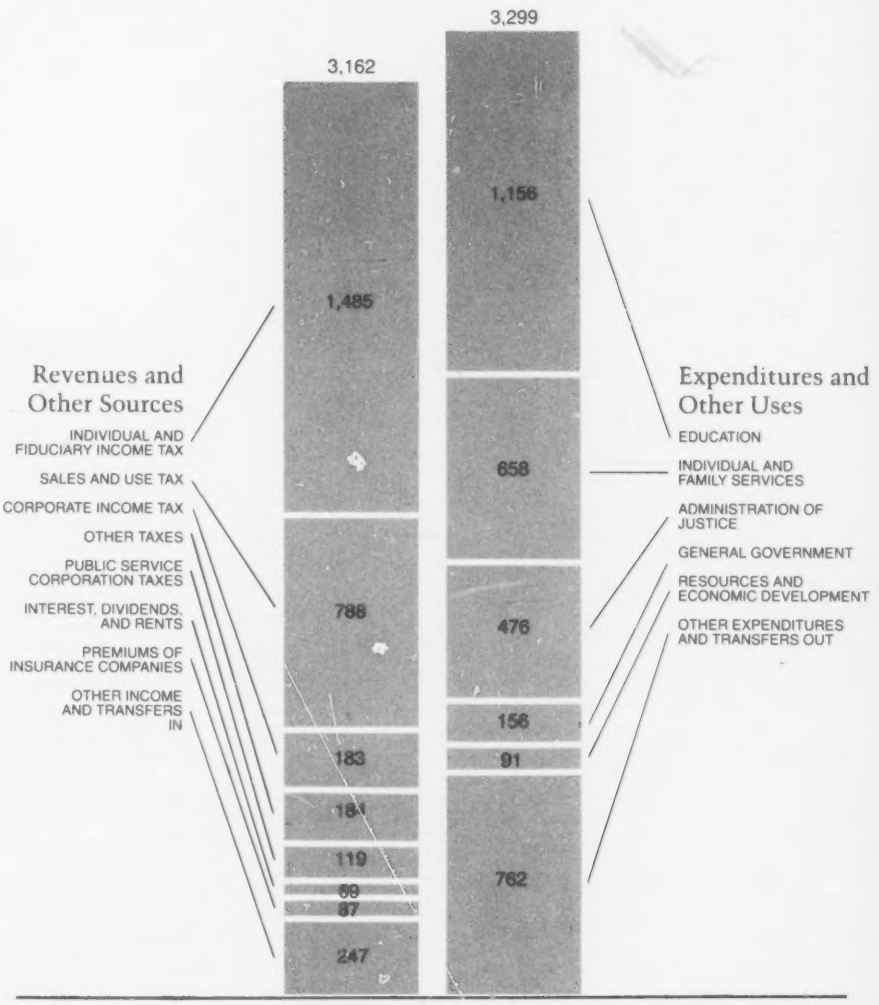
The General Fund accounts for all resources received and used for services traditionally provided by a state government. These services include general government, legislative, public safety, judicial, licensing and regulation, and any other services not accounted for in another fund.

Analysis

The graph at the right provides a breakdown of General Fund revenues and expenditures for the year ended June 30, 1983, on the modified accrual basis of accounting. Under this basis, total revenues exceeded expenditures by $419 million in 1983. Net transfers out of the General Fund totaled $556 million.

Since this is the first year of the Commonwealth's change in accounting methods for financial reporting purposes, a comparison of this year with last year must be made on the cash basis method of accounting. On a cash basis, revenues increased $195 million over the prior year, or 6.8%, primarily as a result of increases of $106 million in individual and fiduciary income taxes and $51 million in sales and use taxes. Expenditures increased $177 million over the prior year, or 7.5%, primarily as a result of increases of $168 million in education and $53 million in the administration of justice, offset somewhat by a decrease of $57 million in general government expenditures.

General Fund
Revenues and Expenditures
Fiscal Year 1983
(DOLLARS IN MILLIONS)



Balance Sheet
General Fund

June 30, 1983, and 1982
(Dollars in Thousands)

	June 30, 1983	June 30, 1982
Assets		
Cash and Short-Term Investments	$ 26,640	$105,312
Petty Cash and Travel Advances	3,631	3,619
Taxes Receivable (Net)	111,121	105,595
Loans and Accounts Receivable (Net)	991	4,052
Accrued Interest Receivable	2,151	5,045
Due from Other Funds	63,672	98,281
Other Receivables	959	—
Loans Receivable from Proprietary Funds	15,375	15,780
Other Assets	428	—
Total Assets	$224,968	$337,684
Liabilities and Fund Equity		
Liabilities:		
Accounts Payable	$ 48,013	$ 30,970
Tax Refunds Payable	20,109	13,202
Amounts Due Localities	52,003	45,159
Deposits Pending Distribution	292	191
Other Liabilities	—	6,083
Deferred Revenue	262	642
Total	120,679	96,247
Net Accrual Adjustments	—	28,222
Total Liabilities	120,679	124,469
Fund Equity:		
Fund Balance:		
Reserved for Loan to VIMS	5,795	6,145
Reserved for Working Capital Advances	14,375	15,780
Unreserved:		
Designated	81,715	150,693
Undesignated	2,404	40,597
Total Fund Equity	104,289	213,215
Total Liabilities and Fund Equity	$224,968	$337,684

See Notes to the Financial Statements.

Statement of Revenues, Expenditures, and Changes in Fund Balance General Fund

For the Fiscal Years Ended June 30, 1983, and 1982

(Dollars in Thousands)

	Year Ended June 30, 1983	Year Ended June 30, 1982
Revenues:		
Taxes	$2,845,501	$2,657,579
Rights and Privileges	13,028	13,188
Sales of Property and Commodities	245	189
Assessments and Receipts for Support of Special Services	742	759
Institutional Revenue	4,032	3,083
Interest, Dividends, and Rents	69,086	92,161
Fines, Forfeitures, Court Fees, Penalties, and Escheats	26,103	20,103
Federal Grants, Contracts, and Revenue Sharing	89	—
Receipts from Cities, Counties, and Towns	518	536
Private Donations, Gifts, and Contracts	11	—
Other	8,996	8,861
Total Revenues	2,968,351	2,796,459
Expenditures:		
General Government	155,920	241,322
Education	1,156,261	988,044
Transportation	7,221	8,128
Resources and Economic Development	91,431	86,334
Individual and Family Services	657,430	609,173
Administration of Justice	476,020	415,551
Enterprises	4,991	4,739
Total Expenditures	2,549,274	2,353,291
Revenues over Expenditures	419,077	443,168
Other Financing Sources (Uses):		
ABC Profit Transfers	29,539	29,133
Appropriation Act Transfers	23,680	8,251
Operating Transfers In	139,618	36,936
Operating Transfers Out	(749,313)	(604,621)
Other Sources	250	111
Total Other Financing Sources (Uses)	(556,226)	(530,190)
Revenues and Other Sources Under Expenditures and Other Uses	(137,149)	(87,022)
Fund Balance, July 1, as adjusted	241,438	300,237
Fund Balance, June 30	$ 104,289	$ 213,215

See Notes to the Financial Statements.

Statement of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual—Budgetary Basis General Fund

For the Fiscal Year Ended June 30, 1983

(Dollars in Thousands)

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes:			
Individual and Fiduciary Income	$1,587,100	$1,552,148	$ (34,952)
Sales and Use	700,400	721,580	21,180
Corporation Income	184,500	183,215	(1,285)
Public Service Corporations	117,100	118,546	1,446
Premiums of Insurance Companies	88,000	87,071	(929)
Other Taxes	175,000	184,323	9,323
Total Taxes	2,852,100	2,846,883	(5,217)
Rights and Privileges	13,900	13,010	(890)
Sales of Property and Commodities	200	230	30
Assessments and Receipts for Support of Special Services	900	661	(239)
Institutional Revenue	3,400	3,267	(133)
Interest, Dividends, and Rents	65,300	71,981	6,681
Fines, Forfeitures, Court Fees, Penalties, and Escheats	24,700	26,040	1,340
Federal Revenue Sharing	—	58	58
Receipts from Cities, Counties, and Towns	700	518	(182)
Private Donations, Gifts, and Contracts	—	11	11
Other	10,559	13,029	2,470
Total Revenues	2,971,759	2,975,688	3,929
Expenditures:			
General Government	173,181	184,109	(10,928)
Education	1,203,676	1,155,618	48,058
Transportation	7,104	7,207	(103)
Resources and Economic Development	92,493	90,390	2,103
Individual and Family Services	619,775	619,437	338
Administration of Justice	474,633	469,074	5,559
Enterprises	5,301	4,908	393
Total Expenditures	2,576,163	2,530,743	45,420
Revenues Over Expenditures	395,596	444,945	49,349
Other Financing Sources (Uses):			
ABC Profit Transfers	29,500	29,539	39
Appropriation Act Transfers	26,100	23,680	(2,420)
Net Operating Transfers:			
Higher Education Fund (Educational and General)	(494,958)	(494,958)	—
Debt Service Fund	(27,788)	(27,639)	149
Other Authorized Operating Transfers	561	(9,384)	(9,945)
Capital Outlay Transfers	(77,763)	(77,763)	—
Other Sources	—	250	250
Total Other Financing Sources (Uses)	(544,348)	(556,275)	(11,927)
Revenues and Other Sources Over (Under) Expenditures and Other Uses	(148,752)	(111,330)	37,422
Fund Balance, July 1	170,452	213,215	42,763
Fund Balance, June 30	$ 21,700	$ 101,885	$ 80,185

See Notes to the Financial Statements.

Special Revenue Funds

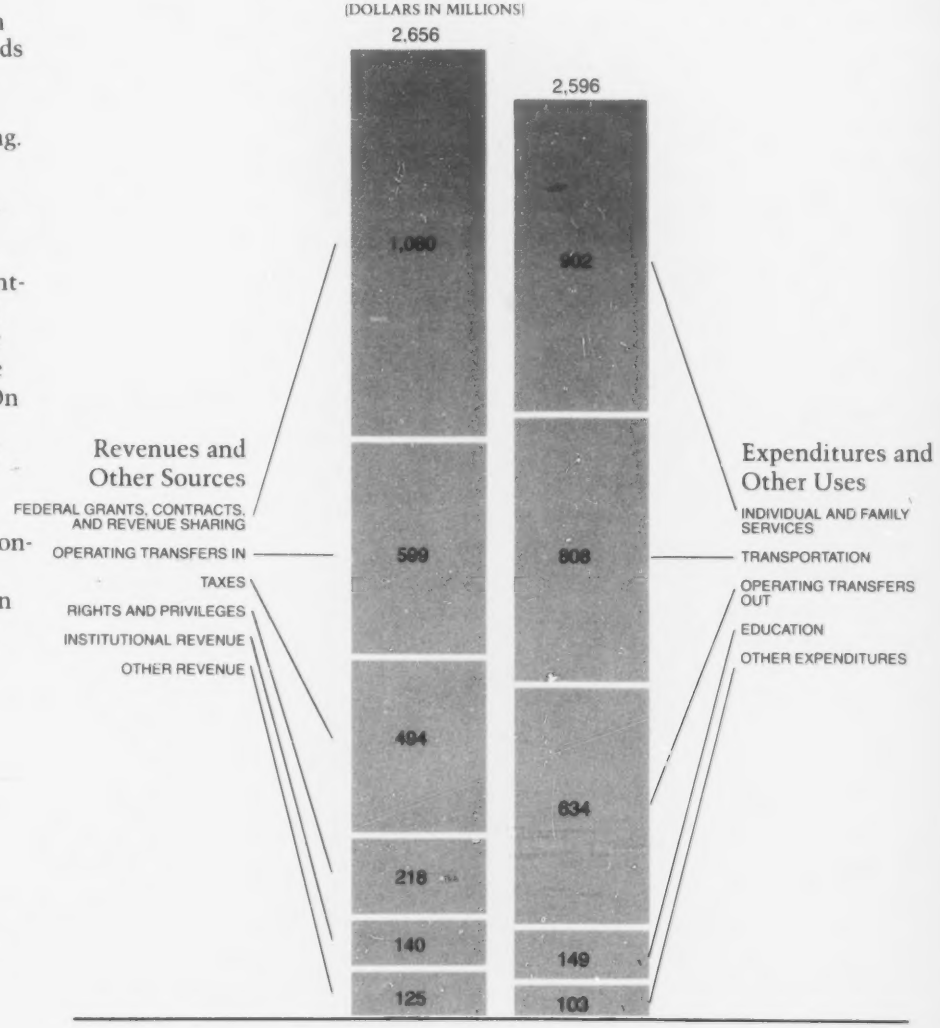
The Special Revenue Funds are maintained to account for those resources which are restricted to finance particular functions or activities of the Commonwealth. These activities include public health services, highway maintenance and construction, welfare services, port facilities, and state park services.

Analysis

The graph at the right provides a breakdown of Special Revenue Funds revenues and expenditures for the year ended June 30, 1983, on the modified accrual basis of accounting. Total revenues and other sources exceeded total expenditures and other uses by $60 million in 1983.

Since this is the first year of the Commonwealth's change in accounting methods for financial reporting purposes, a comparison of this year with last year must be made on the cash basis method of accounting. On a cash basis, revenues increased primarily as a result of increases of $86 million in tax revenues, $42 million in rights and privileges, and $30 million in federal grants, contracts, and revenue sharing. These gains were offset substantially by an increase in transportation expenditures of $103 million.

Special Revenue Funds
Revenues and Expenditures
Fiscal Year 1983
(DOLLARS IN MILLIONS)



Combining Balance Sheet
Special Revenue Funds

June 30, 1983
(Dollars in Thousands)

	Highway Maintenance and Construction Fund	Other Special Revenue Funds	Totals June 30, 1983	Totals June 30, 1982
Assets				
Cash and Short-Term Investments	$151,853	$ 60,805	**$212,658**	$167,833
Petty Cash and Travel Advances	834	319	**1,153**	993
Loans and Accounts Receivable (Net)	555	107,212	**107,767**	108,234
Inventory, at Cost	26,975	—	**26,975**	—
Deferred Charges	17,711	—	**17,711**	—
Total Assets	$197,928	$168,336	**$366,264**	$277,060
Liabilities and Fund Equity				
Liabilities:				
Accounts Payable	$ 35,105	$ 52,977	**$ 88,082**	$ 74,283
Deposits Pending Distribution	411	17	**428**	409
Due to Other Funds	—	3,030	**3,030**	18,233
Deferred Revenue	—	398	**398**	305
Total	35,516	56,422	**91,938**	93,230
Net Accrual Adjustments	—	—	**—**	27,026
Total Liabilities	35,516	56,422	**91,938**	120,256
Fund Equity:				
Fund Balance:				
Unreserved:				
Designated	190,358	61,573	**251,931**	156,804
Undesignated	(27,946)	50,341	**22,395**	—
Total Fund Equity	162,412	111,914	**274,326**	156,804
Total Liabilities and Fund Equity	$197,928	$168,336	**$366,264**	$277,060

See Notes to the Financial Statements.

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Special Revenue Funds

For the Fiscal Year Ended June 30, 1983

(Dollars in Thousands)

	Highway Maintenance and Construction Fund	Other Special Revenue Funds	Totals Year Ended June 30, 1983	Totals Year Ended June 30, 1982
Revenues:				
Taxes	$ 482,386	$ 11,592	**$ 493,978**	$ 407,501
Rights and Privileges	145,691	72,574	**218,265**	175,342
Sale of Property and Commodities	4	3,499	**3,503**	6,701
Assessments and Receipts for Support of Special Services	—	11,183	**11,183**	13,645
Institutional Revenue	—	139,694	**139,694**	140,794
Interest, Dividends, and Rents	5	4,490	**4,495**	4,966
Fines, Forfeitures, Court Fees, Penalties, and Escheats	2,589	1,537	**4,126**	3,522
Federal Grants, Contracts, and Revenue Sharing	220,952	858,973	**1,079,925**	1,051,544
Receipts from Cities, Counties, and Towns	19,539	31,861	**51,400**	49,587
Private Donations, Gifts, and Contracts	—	797	**797**	806
Other	1,770	25,942	**27,712**	24,586
Total Revenues	872,936	1,162,142	**2,035,078**	1,878,994
Expenditures:				
General Government	2,092	3,325	**5,417**	9,463
Education	2,031	146,555	**148,586**	136,403
Transportation	794,077	13,409	**807,486**	700,657
Resource and Economic Development	1,191	75,773	**76,964**	67,703
Individual and Family Services	157	902,286	**902,443**	886,292
Administration of Justice	395	6,390	**6,785**	9,665
Enterprises	—	1,064	**1,064**	1,054
Total Expenditures	799,943	1,148,802	**1,948,745**	1,811,237
Revenues Over Expenditures	72,993	13,340	**86,333**	67,757
Other Financing Sources (Uses):				
Appropriation Act Transfers	(2,715)	(10,699)	**(13,414)**	(2,581)
Operating Transfers In	575,153	24,195	**599,348**	478,725
Operating Transfers Out	(581,650)	(51,867)	**(633,517)**	(525,183)
Trust Fund Receipts over Disbursements	—	21,251	**21,251**	32,993
Other Sources	—	244	**244**	1,234
Total Other Financing Sources (Uses)	(9,212)	(16,876)	**(26,088)**	(14,812)
Revenues and Other Sources Over (Under) Expenditures and Other Uses	63,781	(3,536)	**60,245**	52,945
Fund Balance, July 1, as adjusted	98,631	115,450	**214,081**	103,859
Fund Balance, June 30	$ 162,412	$ 111,914	**$ 274,326**	$ 156,804

See Notes to the Financial Statements.

Statement of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual—Budgetary Basis Special Revenue Funds

For the Fiscal Year Ended June 30, 1983

(Dollars in Thousands)

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes	$ 484,188	$ 493,978	$ 9,790
Rights and Privileges	228,420	217,641	(10,779)
Sales of Property and Commodities	3,168	3,393	225
Assessments and Receipts for Support of Special Services	9,868	11,267	1,399
Institutional Revenue	97,151	132,837	35,686
Interest, Dividends, and Rents	9,071	1,442	(7,629)
Fines, Forfeitures, Court Fees, Penalties, and Escheats	3,945	3,891	(54)
Federal Grants, Contracts, and Revenue Sharing	1,157,163	1,081,627	(75,536)
Receipts from Cities, Counties, and Towns	42,027	51,400	9,373
Private Donations, Gifts, and Contracts	6,338	797	(5,541)
Other	51,336	27,563	(23,773)
Total Revenues	2,092,675	2,025,836	(66,839)
Expenditures:			
General Government	15,667	8,989	6,678
Education	151,335	148,705	2,630
Transportation	978,522	804,378	174,144
Resources and Economic Development	79,344	72,895	6,449
Individual and Family Services	890,295	895,060	(4,765)
Administration of Justice	10,500	6,782	3,718
Enterprises	3,629	1,045	2,584
Total Expenditures	2,129,292	1,937,854	191,438
Revenues Over (Under) Expenditures	(36,617)	87,982	124,599
Other Financing Sources (Uses):			
Appropriation Act Transfers	(13,414)	(13,414)	—
Net Operating Transfers:			
Other Authorized Transfers	—	1,692	1,692
Capital Outlay Transfers	(15,883)	(15,883)	—
Trust Fund Receipts Over Disbursements	—	21,251	21,251
Other Sources	—	244	244
Total Other Financing Sources (Uses)	(29,297)	(6,110)	23,187
Revenues and Other Sources Over (Under) Expenditures and Other Uses	(65,914)	81,872	147,786
Fund Balance, July 1	176,642	176,642	—
Fund Balance, June 30	$ 110,728	$ 258,514	$ 147,786

See Notes to the Financial Statements.

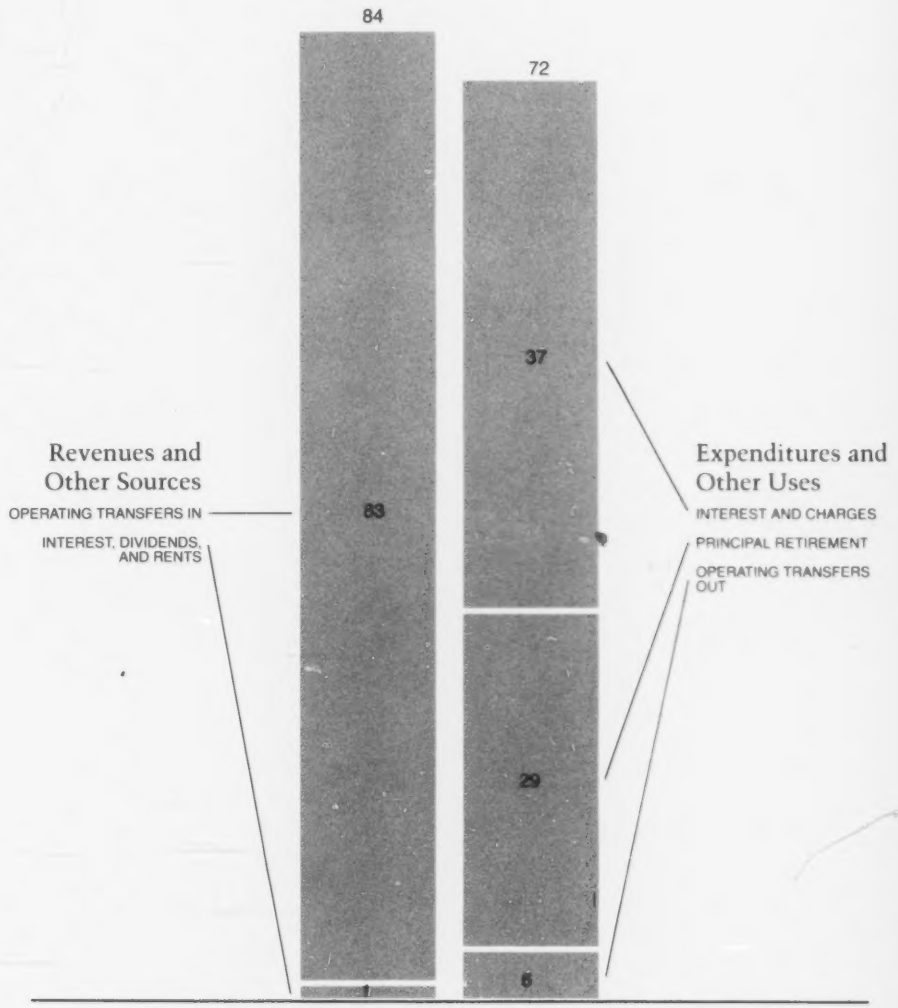
Debt Service Fund

The Debt Service Fund is maintained to account for the resources accumulated and used for the payment of interest and principal on long-term debt not reported in the proprietary fund types or the Higher Education Fund.

Analysis

Debt service expenditures on the long-term debt reported in the General Long-Term Obligations Account Group are made through the Debt Service Fund. For the current year, principal payments on Section 9(b) and 9(c) general obligation bonds, which are backed by the full faith and credit of the Commonwealth, amounted to $12.4 million. Resources to pay principal and interest on all types of long-term debt primarily came from transfers from the General Fund and Capital Projects Fund.

Debt Service Fund
Revenues and Expenditures
Fiscal Year 1983
(DOLLARS IN MILLIONS)



Balance Sheet
Debt Service Fund

June 30, 1983, and 1982
(Dollars in Thousands)

	June 30, 1983	June 30, 1982
Assets		
Cash and Short-Term Investments	**$36,191**	$24,315
Cash with Fiscal Agent	**12,417**	41,266
Amount to be Provided for the Retirement of Matured Debt	**372**	372
Total Assets	**$48,980**	$65,953
Liabilities and Fund Equity		
Liabilities:		
Matured Interest Payable	**$ 4,919**	$11,573
Matured Debt Payable	**1,936**	24,116
Total Liabilities	**6,855**	35,689
Fund Equity:		
Fund Balance:		
Reserved for Debt Service	**42,125**	30,264
Total Liabilities and Fund Equity	**$48,980**	$65,953

See Notes to the Financial Statements.

Statement of Revenues, Expenditures, and Changes in Fund Balance Debt Service Fund

For the Fiscal Years Ended June 30, 1983, and 1982

(Dollars in Thousands)

	Year Ended June 30, 1983	Year Ended June 30, 1982
Revenues:		
Interest, Dividends, and Rents	**$ 881**	$ 222
Total Revenues	**881**	222
Expenditures:		
Debt Service		
Principal Retirement	**28,530**	36,545
Interest and Charges	**37,117**	24,663
Total Expenditures	**65,647**	61,208
Revenues Under Expenditures	**(64,766)**	(60,986)
Other Financing Sources (Uses):		
Operating Transfers In	**83,096**	61,438
Operating Transfers Out	**(6,340)**	—
Other Sources	**—**	1,517
Total Other Financing Sources (Uses)	**76,756**	62,955
Revenues and Other Sources Over Expenditures and Other Uses	**11,990**	1,969
Fund Balance, July 1, as adjusted	**30,135**	28,295
Fund Balance, June 30	**$42,125**	$30,264

See Notes to the Financial Statements.

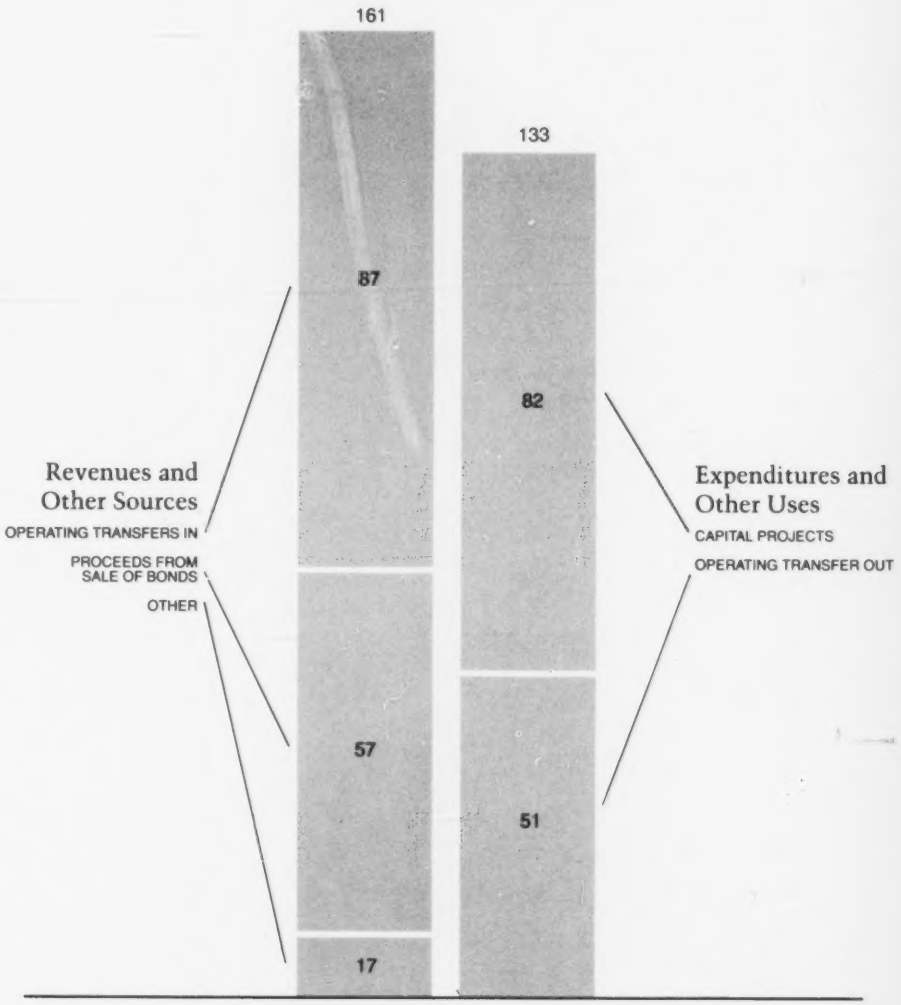
Capital Projects Fund

The Capital Projects Fund is maintained to account for resources received and used for the acquisition, construction, or improvement of certain major governmental general fixed assets financed principally by general obligation bonds or transfers from the General Fund. Capital projects, in general, are for correctional facilities, mental health institutions, parks, highways, and port facilities.

Analysis

In the Capital Projects Fund, revenues and other sources totaled $161.4 million, more than double the comparable figures in 1982. This increase was primarily due to the sale of Transportation Facilities Bonds for the construction of a multi-lane divided highway in Fairfax County to be used as a toll road. Expenditures and other uses of $133.2 million were composed of expenditures for construction on various capital projects, including the new toll road, and transfers to the Debt Service Fund. The net effect of revenues and other sources over expenditures and other uses contributed $28.2 million to the Capital Projects fund balance.

Capital Projects Fund
Revenues and Expenditures
Fiscal Year 1983
(DOLLARS IN MILLIONS)



Balance Sheet
Capital Projects Fund

June 30, 1983, and 1982
(Dollars in Thousands)

	June 30, 1983	June 30, 1982
Assets		
Cash and Short-Term Investments	**$96,655**	$55,409
Liabilities and Fund Equity		
Liabilities:		
Accounts Payable	**$ 4,532**	$ 86
Accrued Interest Payable	**183**	64
Due to Other Funds	**5,756**	—
Total	**10,471**	150
Net Accrual Adjustments	**—**	(150)
Total Liabilities	**10,471**	—
Fund Equity:		
Fund Balance:		
Unreserved:		
Designated	**90,899**	55,409
Undesignated	**(4,715)**	—
Total Fund Equity	**86,184**	55,409
Total Liabilities and Fund Equity	**$96,655**	$55,409

See Notes to the Financial Statements.

Statement of Revenues, Expenditures, and Changes in Fund Balance Capital Projects Fund

For the Fiscal Years Ended June 30, 1983, and 1982
(Dollars in Thousands)

	Year Ended June 30, 1983	Year Ended June 30, 1982
Revenues:		
Interest, Dividends, and Rents	$ 7,469	$ 9,363
Total Revenues	7,469	9,363
Expenditures:		
Capital Projects	82,428	55,879
Total Expenditures	82,428	55,879
Revenues Under Expenditures	(74,959)	(46,516)
Other Financing Sources (Uses):		
Operating Transfers In	86,888	65,666
Operating Transfers Out	(50,761)	(21,380)
Trust Fund Receipts Over Disbursements	7,945	—
Proceeds from Sale of Bonds	57,000	—
Other Sources	2,074	—
Total Other Financing Sources	103,146	44,286
Revenues and Other Sources Over (Under) Expenditures and Other Uses	28,187	(2,230)
Fund Balance, July 1, as adjusted	57,997	57,639
Fund Balance, June 30	$ 86,184	$ 55,409

See Notes to the Financial Statements.

Enterprise Funds

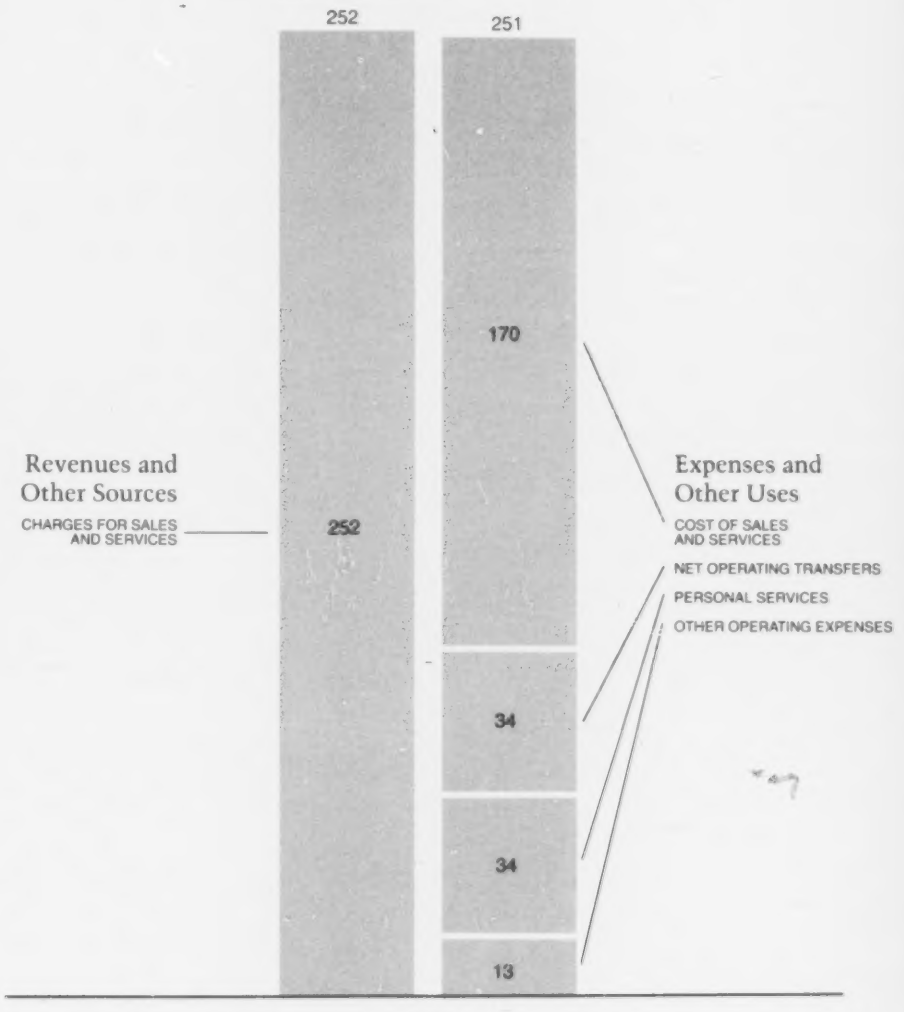
The Enterprise Funds are maintained to account for those operations of State government which render services to the general public in a manner similar to private business enterprises. It is the intent that the costs of providing goods or services on a continuing basis be financed or recovered primarily through user charges. The following are the Enterprise Fund activities of the Commonwealth, and their functions:

- ***Department of Alcoholic Beverage Control—operates facilities for the distribution and sale of distilled spirits and wine.***
- ***Virginia Industries for the Blind—manufactures products for sale to governments, certain private organizations, and the general public.***

Analysis

The Enterprise Funds maintained a similar financial position in 1983, as in 1982. For fiscal 1983, Enterprise Funds received $251.5 million in revenues. Expenses for the same period came to $216.5 million, yielding an income before operating transfers of $35.0 million. Net operating transfers, primarily legislatively mandated transfers to the General Fund from ABC, reduced this figure by $34.2 million, to produce net income of $.8 million in 1983.

Enterprise Funds
Revenues and Expenses
Fiscal Year 1983
(DOLLARS IN MILLIONS)



Combining Balance Sheet
Enterprise Funds

June 30, 1983
(Dollars in Thousands)

	Department of Alcoholic Beverage Control	Department for the Visually Handicapped	Totals June 30, 1983	Totals June 30, 1982
Assets				
Cash and Short-Term Investments	$ 920	$ 658	**$ 1,578**	$ 1,211
Petty Cash and Travel Advances	85	—	**85**	85
Loans and Accounts Receivable (Net)	1,130	299	**1,429**	1,342
Inventory, at Cost	26,522	684	**27,206**	24,453
Prepaid Expenses	279	7	**286**	478
Property, Plant, and Equipment (Net)	7,965	295	**8,260**	8,274
Total Assets	$36,901	$ 1,943	**$38,844**	$35,843
Liabilities and Fund Equity				
Liabilities:				
Accounts Payable	$ 4,778	$ 86	**$ 4,864**	$ 6,175
Due to Commercial Institutions	1,500	—	**1,500**	2,000
Other Liabilities	—	56	**56**	40
Due to Other Funds	14,861	—	**14,861**	10,390
Loans Payable to the General Fund	10,000	—	**10,000**	10,200
Deferred Revenue	536	—	**536**	1,758
Total Liabilities	31,675	142	**31,817**	30,563
Fund Equity:				
Retained Earnings	5,226	1,801	**7,027**	5,280
Total Liabilities and Fund Equity	$36,901	$ 1,943	**$38,844**	$35,843

See Notes to the Financial Statements.

Combining Statement of Revenues, Expenses, and Changes in Retained Earnings Enterprise Funds

For the Fiscal Year Ended June 30, 1983

(Dollars in Thousands)

	Department of Alcoholic Beverage Control	Department for the Visually Handicapped	Totals Year Ended June 30, 1983	Totals Year Ended June 30, 1982
Operating Revenues:				
Charges for Sales and Services	$247,765	$ 2,782	**$250,547**	$253,343
Operating Expenses:				
Cost of Sales and Services	169,841	—	**169,841**	172,905
Personal Services	32,442	1,264	**33,706**	32,588
Contractual Services	4,442	49	**4,491**	5,069
Supplies and Materials	884	1,414	**2,298**	2,489
Grants and Distributions to Localities	70	—	**70**	37
Expendable Equipment	82	19	**101**	26
Depreciation	1,170	12	**1,182**	1,105
Rent, Insurance, and Other Related Charges	3,907	42	**3,949**	3,008
Total Operating Expenses	212,838	2,800	**215,638**	217,227
Operating Income (Loss)	34,927	(18)	**34,909**	36,116
Nonoperating Revenues (Expenses):				
Interest, Dividends, and Rent	(904)	—	**(904)**	(1,386)
Grants and Shared Revenue	—	309	**309**	328
Discounts	10	—	**10**	12
Gain (Loss) on Sale of Fixed Assets	(12)	—	**(12)**	1
Other	649	2	**651**	153
Total Nonoperating Revenues (Expenses)	(257)	311	**54**	(892)
Income Before Operating Transfers	34,670	293	**34,963**	35,224
Net Operating Transfers	(34,150)	(48)	**(34,198)**	(34,837)
Net Income	520	245	**765**	387
Retained Earnings, July 1, as adjusted	4,706	1,556	**6,262**	4,893
Retained Earnings, June 30	$ 5,226	$ 1,801	**$ 7,027**	$ 5,280

See Notes to the Financial Statements.

Combining Statement of Changes in Financial Position Enterprise Funds

For the Fiscal Year Ended June 30, 1983

(Dollars in Thousands)

	Department of Alcoholic Beverage Control	Department for the Visually Handicapped	Totals Year Ended June 30, 1983	Totals Year Ended June 30, 1982
Sources of Working Capital:				
Operations:				
Net Income	$ 520	$ 245	**$ 765**	$ 387
Items Not Requiring Working Capital:				
Depreciation	1,170	12	**1,182**	1,105
Loss (Gain) on Sale of Fixed Assets	12	—	**12**	(1)
Working Capital Provided by Operations	1,702	257	**1,959**	1,491
Addition in Retained Earnings Due to Prior Period Adjustment	—	981	**981**	—
Total Sources of Working Capital	1,702	1,238	**2,940**	1,491
Uses of Working Capital:				
Acquisition of Property, Plant, and Equipment	873	306	**1,179**	789
Reduction in Long-Term Debt Payable	500	—	**500**	500
Decrease in Retained Earnings Due to Prior Period Adjustment	—	—	**—**	862
Total Uses of Working Capital	1,373	306	**1,679**	2,151
Net Increase (Decrease) in Working Capital	$ 329	$ 932	**$ 1,261**	$ (660)
Elements of Net Increase (Decrease) in Working Capital:				
Cash and Short-Term Investments	$ 144	$ 223	**$ 367**	$ (1,354)
Receivables	37	50	**87**	(25)
Due from Other Funds	—	—	**—**	(2)
Inventories	2,069	684	**2,753**	(1,533)
Prepaid Expenses	(195)	3	**(192)**	(35)
Payables, Deposits, and Other Liabilities	(1,726)	(28)	**(1,754)**	2,289
Net Increase (Decrease) in Working Capital	$ 329	$ 932	**$ 1,261**	$ (660)

See Notes to the Financial Statements.

Internal Service Funds

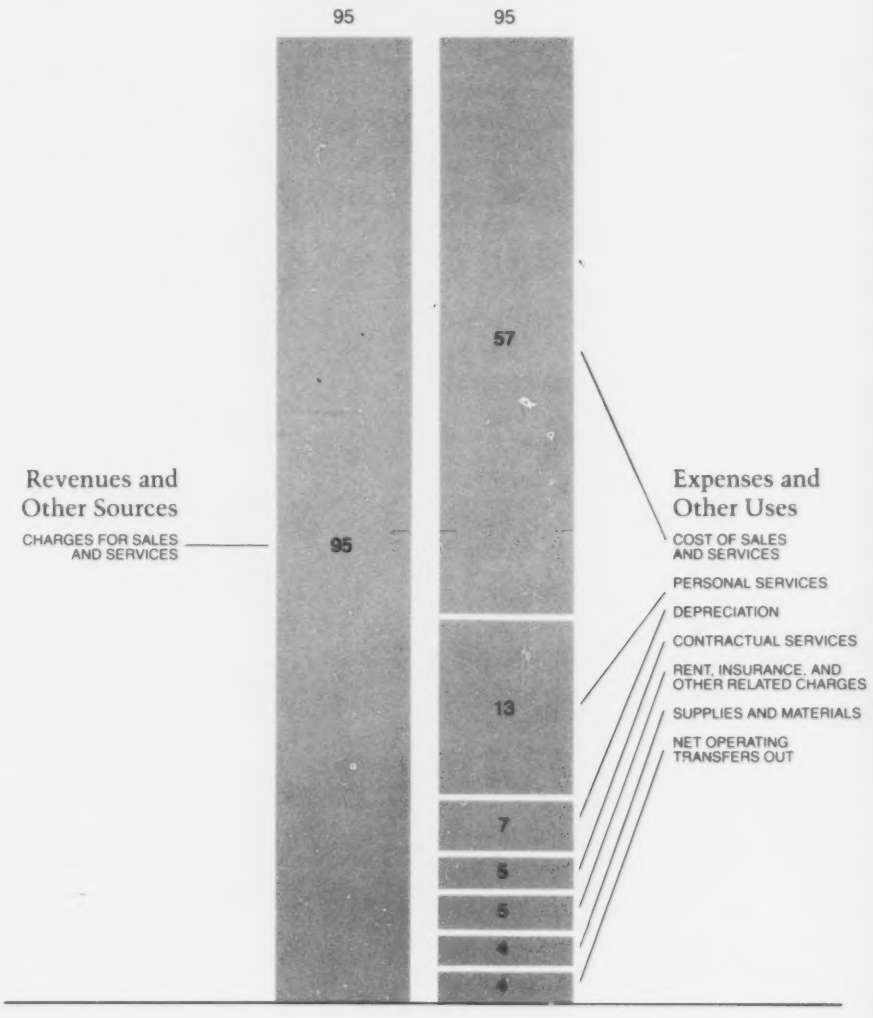
Internal Service Funds are maintained to account for the operations of State agencies which render services to other State agencies, institutions, or other governmental units of the Commonwealth on a cost-reimbursement basis. The following are the Internal Service Fund activities of the Commonwealth, and their functions:

- ***Department of Telecommunications—to account for the installation and maintenance of the State government's telephone system.***
- ***Department of Computer Services—to account for the use and development of the Commonwealth's data processing systems.***
- ***Department of Management Analysis and Systems Development—to account for the development of automated systems.***
- ***Central Warehouse—to account for supplies purchased for and used by State agencies.***
- ***Office of Graphic Communications—to account for the activities of the Commonwealth's graphic design division.***
- ***Central Garage—to account for the activities of the Commonwealth's motor vehicle pool.***
- ***Bureau of Industrial Enterprises—to account for the manufacturing activities of the State's correctional facilities.***

Analysis

During 1983, Internal Service Funds received $94.4 million in operating revenues, which represented an increase of 8.8% over 1982. A 7.6% increase in operating expenses produced operating expenses of $90.4 million, yielding operating income of $4.0 million. Income before operating transfers increased by $.6 million in 1983, as compared to 1982; however, this increase was offset by net operating transfers out of $4.0 million, composed primarily of legislatively mandated transfers to the General Fund.

Internal Service Funds Revenues and Expenses
Fiscal Year 1983
(DOLLARS IN MILLIONS)



Combining Balance Sheet
Internal Service Funds

June 30, 1983
(Dollars in Thousands)

	Telecommunications	Computer Services	Management Analysis and Systems Development
Assets			
Cash and Short-Term Investments	$ (516)	$ 2,891	$ 427
Petty Cash and Travel Advances	5	11	—
Loans and Accounts Receivable (Net)	1,009	113	71
Other Receivables	—	—	—
Inventory, at Cost	—	140	—
Prepaid Expenses	—	105	1
Property, Plant, and Equipment (Net)	—	3,543	42
Total Assets	$ 498	$ 6,803	$ 541
Liabilities and Fund Equity			
Liabilities:			
Accounts Payable	$ 2,293	$ 122	$ 235
Due to Commercial Institutions	—	2,807	—
Other Liabilities	—	—	—
Loans Payable to General Fund	375	1,750	175
Deferred Revenue	—	—	43
Total Liabilities	2,668	4,679	453
Fund Equity:			
Contributed Capital	—	—	—
Retained Earnings	(2,170)	2,124	88
Total Fund Equity	(2,170)	2,124	88
Total Liabilities and Fund Equity	$ 498	$ 6,803	$ 541

See Notes to the Financial Statements.

Central Warehouse	Office of Graphic Communications	Central Garage	Industrial Enterprises	Totals June 30, 1983	Totals June 30, 1982
$ 297	$ 68	$ 1,127	$ 6,211	**$10,505**	$10,452
—	—	—	1	**17**	25
—	—	1,092	758	**3,043**	3,593
701	15	—	—	**716**	—
2,099	—	—	4,599	**6,838**	7,052
40	2	—	—	**148**	31
1,397	6	11,126	3,498	**19,612**	20,850
$ 4,534	$ 91	$13,345	$15,067	**$40,879**	$42,003
$ 276	$ —	$ 359	$ 403	**$ 3,688**	$ 964
—	—	—	—	**2,807**	7,343
54	6	47	—	**107**	1
3,000	75	—	—	**5,375**	5,580
—	4	—	425	**472**	202
3,330	85	406	828	**12,449**	14,090
—	—	1,738	3,832	**5,570**	5,368
1,204	6	11,201	10,407	**22,860**	22,545
1,204	6	12,939	14,239	**28,430**	27,913
$ 4,534	$ 91	$13,345	$15,067	**$40,879**	$42,003

Combining Statement of Revenues, Expenses, and Changes in Retained Earnings Internal Service Funds

For the Fiscal Year Ended June 30, 1983

(Dollars in Thousands)

	Telecommunications	Computer Services	Management Analysis and Systems Development
Operating Revenues:			
Charges for Sales and Services	$28,312	$19,526	$ 3,809
Total Operating Revenues	28,312	19,526	3,809
Operating Expenses:			
Cost of Sales and Services	28,575	—	—
Personal Services	1,350	5,845	3,315
Contractual Services	398	2,592	298
Supplies and Materials	7	790	10
Grants	8	6	2
Expendable Equipment	120	59	5
Depreciation	—	4,582	7
Rent, Insurance, and Other Related Charges	50	3,394	280
Total Operating Expenses	30,508	17,268	3,917
Operating Income (Loss)	(2,196)	2,258	(108)
Nonoperating Revenues (Expenses):			
Interest, Dividends, and Rent	—	(353)	—
Discounts	—	—	—
Gain (Loss) on Sale of Fixed Assets	—	1	—
Other	—	—	—
Total Nonoperating Revenues (Expenses)	—	(352)	—
Income (Loss) Before Operating Transfers	(2,196)	1,906	(108)
Net Operating Transfers	—	(4)	—
Net Income (Loss)	(2,196)	1,902	(108)
Retained Earnings, July 1, as adjusted	26	222	196
Retained Earnings, June 30	$ (2,170)	$ 2,124	$ 88

See Notes to the Financial Statements.

Central Warehouse	Office of Graphic Communications	Central Garage	Industrial Enterprises	Totals Year Ended June 30, 1983	Totals Year Ended June 30, 1982
$21,049	$ 129	$ 9,268	$12,284	**$94,377**	$86,714
21,049	129	9,268	12,284	**94,377**	86,714
20,050	—	5	8,795	**57,425**	51,359
686	64	282	1,081	**12,623**	11,073
280	54	1,432	168	**5,222**	5,346
98	2	2,423	78	**3,408**	3,590
—	—	—	3	**19**	7
12	4	6	6	**212**	221
106	1	2,441	70	**7,207**	7,803
93	—	284	193	**4,294**	4,367
21,325	125	6,873	10,394	**90,410**	83,766
(276)	4	2,395	1,890	**3,967**	2,948
—	1	—	—	**(352)**	3
99	—	—	—	**99**	112
2	—	(13)	(30)	**(40)**	199
31	—	—	—	**31**	(158)
132	1	(13)	(30)	**(262)**	156
(144)	5	2,382	1,860	**3,705**	3,104
—	48	(3,500)	(516)	**(3,972)**	—
(144)	53	(1,118)	1,344	**(267)**	3,104
1348	(47)	12,319	9,063	**23,127**	19,441
$ 1,204	$ 6	$11,201	$10,407	**$22,860**	$22,545

Combining Statement of Changes in Financial Position
Internal Service Funds

For the Fiscal Year Ended June 30, 1983
(Dollars in Thousands)

	Telecommunications	Computer Services	Management Analysis and Systems Development
Sources of Working Capital:			
Operations:			
Net Income (Loss)	$ (2,196)	$ 1,902	$ (108)
Items Not Requiring Working Capital:			
Depreciation	—	4,582	7
Loss (Gain) on Sale of Fixed Assets	—	(1)	—
Working Capital Provided by Operations	(2,196)	6,483	(101)
Increase in Capital Appropriated	—	—	—
Increase in Long-Term Notes Payable	—	—	—
Sale of Equipment	—	—	—
Total Sources (Uses) of Working Capital	(2,196)	6,483	(101)
Uses of Working Capital:			
Acquisition of Property, Plant, and Equipment	—	2,203	8
Reduction in Long-Term Debt Payable	—	3,312	—
Increase in Construction in Progress	—	—	—
Reduction in Retained Earnings Due to Prior Period Adjustment	—	—	—
Total Uses of Working Capital	—	5,515	8
Net Increase (Decrease) in Working Capital	$ (2,196)	$ 968	$ (109)
Elements of Net Increase (Decrease) in Working Capital:			
Cash and Short-Term Investments	$ 50	$ 1,047	$ 146
Receivables	47	(90)	19
Inventories	—	(3)	—
Prepaid Expenses	—	76	—
Payables, Deposits, and Other Liabilities	(2,293)	(62)	(231)
Deferred Revenue	—	—	(43)
Net Increase (Decrease) in Working Capital	$ (2,196)	$ 968	$ (109)

See Notes to the Financial Statements.

Central Warehouse	Office of Graphic Communications	Central Garage	Industrial Enterprises	Totals Year Ended June 30, 1983	Totals Year Ended June 30, 1982
$ (144)	$ 53	$ (1,118)	$ 1,344	**$ (267)**	$ 3,104
106	1	2,441	470	**7,607**	8,152
(2)	—	13	30	**40**	(199)
(40)	54	1,336	1,844	**7,380**	11,057
—	—	—	201	**201**	—
—	—	—	—	**—**	2,117
—	1	—	—	**1**	—
(40)	55	1,336	2,045	**7,582**	13,174
78	—	3,801	762	**6,852**	6,523
—	205	—	—	**3,517**	3,603
—	—	—	—	**—**	321
65	8	35	92	**200**	—
143	213	3,836	854	**10,569**	10,447
$ (183)	$ (158)	$ (2,500)	$ 1,191	**$ (2,987)**	$ 2,727
$ 76	$ (148)	$ (2,699)	$ 1,573	**$ 45**	$ 3,095
88	(6)	141	(33)	**166**	(1,883)
(318)	—	—	105	**(216)**	(481)
38	2	—	—	**116**	(19)
(67)	(6)	58	(227)	**(2,828)**	2,129
—	—	—	(227)	**(270)**	(114)
$ (183)	$ (158)	$ (2,500)	$ 1,191	**$ (2,987)**	$ 2,727

Public Benefit Corporations

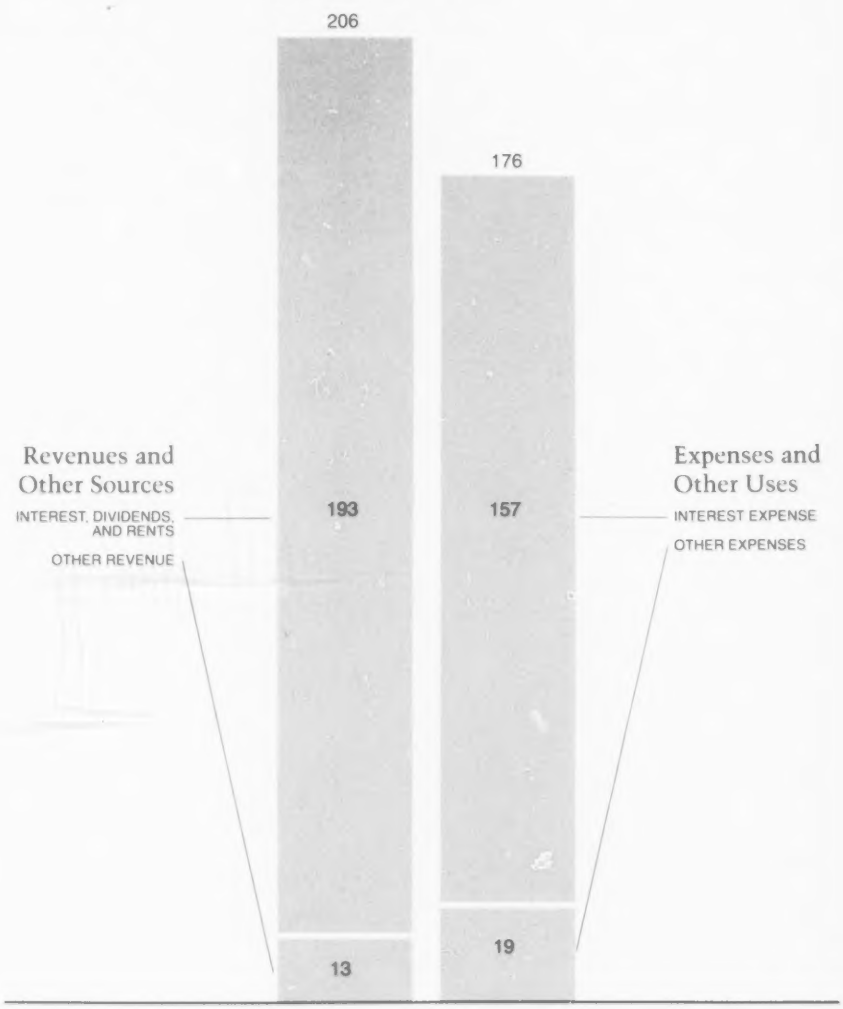
Public Benefit Corporations are those public corporations empowered by the Code of Virginia to provide certain services to the citizens of Virginia, but which are not agencies of the State. While these organizations are not agencies of the State, generally accepted accounting principles require that they be included as part of the Commonwealth's financial reporting entity. Two organizations met the criteria established by NCGA Statement No. 3, "Defining the Governmental Reporting Entity." Accordingly, the Commonwealth has included the Virginia Education Loan Authority (VELA) and the Virginia Housing Development Authority (VHDA) in its annual report.

Analysis

In 1972, the General Assembly of Virginia enacted legislation which established the Virginia Housing Development Authority to finance housing sold or rented to families with low and moderate incomes. Funds are raised through the sale of tax-exempt notes and bonds. No tax monies are received from the State, nor is any of the debt a liability of the State. The VHDA is completely self-supporting. At year end, VHDA had total assets of $1.6 billion comprised primarily of loans and accounts receivable, and investments. Net income for the year was $25.5 million.

In 1972, the General Assembly of Virginia enacted legislation which established the Virginia Education Loan Authority to assist students pursuing higher education in obtaining loans to attend college. No tax monies are received from the State, nor is any of the debt a liability of the State. At year end VELA had total assets of $442 million which consisted primarily of loans and accounts receivable, and investments. Net income for the year was $3.9 million.

Public Benefit Corporations
Revenues and Expenses
Fiscal Year 1983
(DOLLARS IN MILLIONS)



Combining Balance Sheet
Public Benefit Corporations

June 30, 1983
(Dollars in Thousands)

	Virginia Housing Development Authority	Virginia Education Loan Authority	Totals June 30, 1983	Totals June 30, 1982
Assets				
Cash and Short-Term Investments	$ 1,398	$ 30,583	**$ 31,981**	$ 112,080
Petty Cash and Travel Advances	—	1	**1**	1
Loans and Accounts Receivable (Net)	979,181	305,140	**1,284,321**	1,229,183
Accrued Interest Receivable	19,905	6,201	**26,106**	24,615
Other Receivables	190	2,648	**2,838**	4,685
Investments:				
Short-Term Securities	619,571	95,467	**715,038**	521,307
Other Securities	1,595	—	**1,595**	1,346
Inventory, at Cost	5,221	—	**5,221**	2,411
Prepaid Expenses	—	148	**148**	688
Property, Plant, and Equipment (Net)	1,260	2,136	**3,396**	3,142
Systems Development Cost (Net)	—	94	**94**	88
Total Assets	$1,628,321	$ 442,418	**$2,070,739**	$1,899,546
Liabilities and Fund Equity				
Liabilities:				
Accounts Payable	$ 9,740	$ 521	**$ 10,261**	$ 5,570
Bonds Payable—Public Benefit Corporations	1,351,666	393,976	**1,745,642**	1,554,337
Notes Payable—Public Benefit Corporations	72,985	—	**72,985**	128,047
Accrued Interest Payable	32,548	6,254	**38,802**	34,209
Other Liabilities	—	—	**—**	6,770
Deferred Revenue	6,011	—	**6,011**	5,668
Due to Program Participants	1,641	—	**1,641**	3,792
Escrows	19,817	—	**19,817**	14,979
Total Liabilities	1,494,408	400,751	**1,895,159**	1,753,372
Fund Equity:				
Retained Earnings	133,913	41,667	**175,580**	146,174
Total Liabilities and Fund Equity	$1,628,321	$ 442,418	**$2,070,739**	$1,899,546

See Notes to the Financial Statements.

Combining Statement of Revenues, Expenses, and Changes in Retained Earnings Public Benefit Corporations

For the Fiscal Year Ended June 30, 1983

(Dollars in Thousands)

	Virginia Housing Development Authority	Virginia Education Loan Authority	Totals Year Ended June 30, 1983	Totals Year Ended June 30, 1982
Operating Revenues:				
Interest, Dividends, and Rents	$158,841	$ 33,650	**$192,491**	$160,564
Special Allowance Income	—	10,246	**10,246**	18,025
Charges for Sales and Services	2,582	—	**2,582**	2,755
Other	194	—	**194**	92
Total Operating Revenues	161,617	43,896	**205,513**	181,436
Operating Expenses:				
Interest Expense	125,365	31,885	**157,250**	124,648
Personal Services	3,049	1,024	**4,073**	3,319
Cost of Sales and Services	3,029	—	**3,029**	2,914
Other	993	1,670	**2,663**	2,145
Commitment Fees	—	1,321	**1,321**	623
Rent, Insurance, and Other Related Charges	120	243	**363**	433
Depreciation	135	101	**236**	152
Amortization	—	36	**36**	29
Total Operating Expenses	132,691	36,280	**168,971**	134,263
Operating Income	28,926	7,616	**36,542**	47,173
Nonoperating Revenues (Expenses):				
Net Gain (Loss) on Sale of Investments	(3,440)	(3,696)	**(7,136)**	96
Net Income	25,486	3,920	**29,406**	47,269
Retained Earnings, July 1	108,427	37,747	**146,174**	98,905
Retained Earnings, June 30	$133,913	$ 41,667	**$175,580**	$146,174

See Notes to the Financial Statements.

Combining Statement of Changes in Financial Position
Public Benefit Corporations

For the Fiscal Year Ended June 30, 1983

(Dollars in Thousands)

	Virginia Housing Development Authority	Virginia Education Loan Authority	Totals Year Ended June 30, 1983	Totals Year Ended June 30, 1982
Sources of Working Capital:				
Operations:				
Net Income	$ 25,486	$ 3,920	**$ 29,406**	$ 47,269
Items not Requiring Working Capital:				
Amortization	—	36	**36**	29
Depreciation	135	101	**236**	152
Working Capital Provided by Operations	25,621	4,057	**29,678**	47,450
Increase in Long-Term Bonds Payable	165,629	25,675	**191,304**	358,284
Total Sources of Working Capital	191,250	29,732	**220,982**	405,734
Uses of Working Capital:				
Acquisition of Property, Plant, and Equipment	11	478	**489**	1,411
Increase in Systems Development Cost	—	42	**42**	34
Total Uses of Working Capital	11	520	**531**	1,445
Net Increase in Working Capital	$191,239	$ 29,212	**$220,451**	$404,289
Elements of Net Increase in Working Capital:				
Cash and Short-Term Investments	$ 422	$ (80,521)	**$ (80,099)**	$ 97,611
Receivables	(6,006)	60,788	**54,782**	222,577
Short-Term Securities	142,426	51,304	**193,730**	34,388
Other Securities	249	—	**249**	177
Inventories	2,811	—	**2,811**	1,079
Prepaid Expenses	—	(540)	**(540)**	688
Payables, Deposits, and Other Liabilities	54,367	(1,819)	**52,548**	54,283
Deferred Revenue	(343)	—	**(343)**	(598)
Due to Program Participants	2,151	—	**2,151**	(1,734)
Escrows	(4,838)	—	**(4,838)**	(4,182)
Net Increase in Working Capital	$191,239	$ 29,212	**$220,451**	$404,289

See Notes to the Financial Statements.

Trust and Agency Funds

Trust and Agency Funds are maintained to account for assets held by the Commonwealth in the capacity of a trustee or agent. The funds include pension trust, nonexpendable trusts, numerous expendable fiduciary funds, and agency funds. The Pension Trust reflects the activities of the retirement system administered by the Commonwealth. The following are the nonexpendable trusts, the agencies which administer them, and the purposes of those trusts:

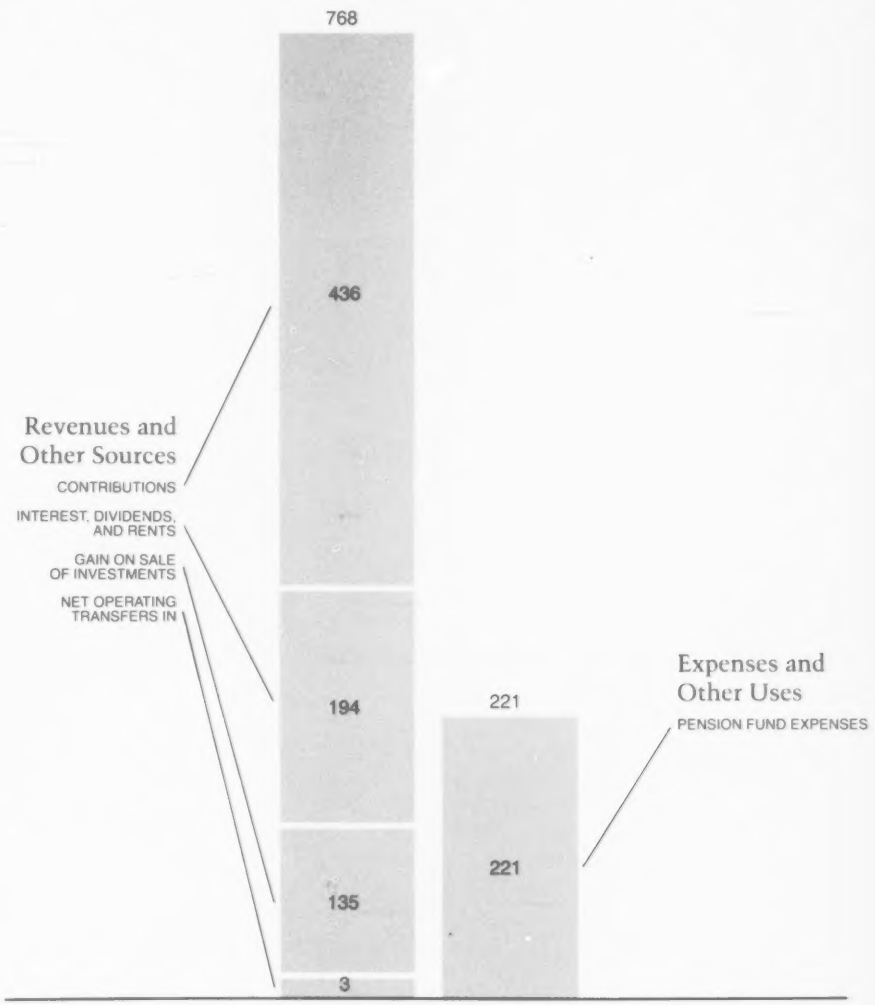
- ***Inmate and Ward Trust Fund (Department of Corrections)—operates as a savings deposit account for inmates.***
- ***Canteen Fund (Department of Corrections)—operates the canteens or commissaries at correctional institutions.***
- ***Rural Rehabilitation Trust Fund (Department of Agriculture and Consumer Services)—provides farm realty loans to low and moderate income farmers.***
- ***Virginia Museum Nonexpendable Trusts (Virginia Museum of Fine Arts)—supports the expendable trusts at the Virginia Museum by transferring investment income to these trusts.***

The numerous expendable trust funds reported by the Commonwealth include various trusts, such as those for educational programs at museums, trusts to guarantee student loans, and funds for unemployment compensation. Agency funds report those funds for which the State acts solely in a custodial capacity. The primary agency fund distributes the 1% local sales tax due to localities.

Analysis

Pension trust revenues increased 21.2% while expenditures increased 9.5% over the prior year. The revenue increase was the result of a 21.2% increase in retirement system member contributions for the year. In addition, nonoperating revenues from interest, dividends, and rents, and gains on sale of investments increased 81.1% over the prior year, primarily due to the realization of net gain on investments sold. As a result, $547.3 million was added to the fund balance for the year.

Pension Trust
Revenues and Expenses
Fiscal Year 1983
(DOLLARS IN MILLIONS)



Combining Balance Sheet
Trust and Agency Funds

June 30, 1983

(Dollars in Thousands)

	Pension Trust	Nonexpendable Trusts	Expendable Trusts	Agency Funds	Totals June 30, 1983	Totals June 30, 1982
Assets						
Cash and Short-Term Investments	$ 10,978	$ 3,104	$ 106,645	$ 25,799	**$ 146,526**	$ 113,837
Cash and Investments with Trustees	—	—	76,470	—	**76,470**	68,555
Petty Cash and Travel Advances	55	—	75	—	**130**	125
Loans and Accounts Receivable (Net)	58,420	856	214,520	—	**273,796**	303,033
Accrued Interest Receivable	—	—	23	—	**23**	1
Other Receivables	—	10	35	—	**45**	41
Due from Other Funds	12,014	—	—	—	**12,014**	10,684
Investments:						
Bonds	1,067,898	170	96,342	—	**1,164,410**	1,122,293
Stocks	1,341,194	1,055	—	—	**1,342,249**	812,048
Short-Term Securities	210,097	371	28,276	—	**238,744**	258,058
Other Securities	—	—	63,529	—	**63,529**	86,089
Real Estate	261,011	—	—	—	**261,011**	231,283
Inventory, at Cost	—	347	20	—	**367**	336
Other Assets	—	—	7	—	**7**	8
Property, Plant and Equipment (Net)	—	30	—	—	**30**	25
Total Assets	$2,961,667	$ 5,943	$ 585,942	$ 25,799	**$3,579,351**	$3,006,416
Liabilities and Fund Equity						
Liabilities:						
Accounts Payable	$ 20,529	$ 216	$ 10,204	$ —	**$ 30,949**	$ 34,936
Amounts due to Localities	—	—	8,623	23,337	**31,960**	24,565
Accrued Interest Payable	—	70	1	—	**71**	2,155
Deposits Pending Distribution	—	—	17,446	2,462	**19,908**	11,696
Other Liabilities	280	26	25	—	**331**	173
Due to Other Funds	12,014	—	—	—	**12,014**	12,684
Total	32,823	312	36,299	25,799	**95,233**	86,209
Net Accrual Adjustments	—	—	—	—	**—**	15,768
Total Liabilities	32,823	312	36,299	25,799	**95,233**	101,977
Fund Equity:						
Fund Balance:						
Reserved for Pension Benefits	2,928,844	—	—	—	**2,928,844**	2,381,504
Unreserved:						
Designated	—	5,631	549,643	—	**555,274**	522,935
Total Fund Equity	2,928,844	5,631	549,643	—	**3,484,118**	2,904,439
Total Liabilities and Fund Equity	$2,961,667	$ 5,943	$ 585,942	$ 25,799	**$3,579,351**	$3,006,416

See Notes to the Financial Statements.

Statement of Revenues, Expenditures, and Changes in Fund Balances Expendable Trust Funds

For the Fiscal Years Ended June 30, 1983, and 1982

(Dollars in Thousands)

	Year Ended June 30, 1983	Year Ended June 30, 1982
Revenues:		
Taxes	$191,590	$173,716
Rights and Privileges	537	10,620
Assessments and Receipts for Support of Special Services	3,157	3,195
Interest, Dividends, and Rents	16,493	36,141
Fines, Forfeitures, Court Fees, Penalties, and Escheats	660	15,905
Federal Grants, Contracts, and Revenue Sharing	47,029	73,294
Receipts from Cities, Counties, and Towns	1,077	3,281
Private Donations, Gifts, and Contracts	1,748	17
Institutional Revenue	945	—
Other	8,750	14,696
Total Revenues	271,986	330,865
Expenditures:		
General Government	484,662	1,516
Education	2,305	2,606
Transportation	8,752	11,653
Resource and Economic Development	6,098	2,234
Individual and Family Services	305,677	300,420
Total Expenditures	807,494	318,429
Revenues Over (Under) Expenditures	(535,508)	12,436
Other Financing Sources (Uses):		
Operating Transfers In	808,460	279,168
Operating Transfers Out	(293,032)	(263,638)
Trust Fund Receipts Over Disbursements	24,151	14,435
Net Decrease in Assets Held by Trustees	15,739	(28,963)
Total Other Financing Sources (Uses)	555,318	1,002
Revenues and Other Sources Over Expenditures and Other Uses	19,810	13,438
Fund Balance, July 1, as adjusted	529,833	504,261
Fund Balance, June 30	$549,643	$517,699

See Notes to the Financial Statements.

Combining Statement of Revenues, Expenses, and Changes in Fund Balances Pension Trust and Nonexpendable Trust Funds

For the Fiscal Year Ended June 30, 1983

(Dollars in Thousands)

	Pension Trust	Nonexpendable Trust	Totals Year Ended June 30, 1983	Totals Year Ended June 30, 1982
Operating Revenues:				
Charges for Sales and Services	$ —	$ 3,510	**$ 3,510**	$ 3,045
Contributions	436,468	10	**436,478**	359,996
Accrued Revenue	—	1	**1**	—
Interest, Dividends, and Rents	—	114	**114**	124
Other	—	—	**—**	164
Total Operating Revenues	436,468	3,635	**440,103**	363,329
Operating Expenses:				
Cost of Sales and Services	—	3,105	**3,105**	2,618
Personal Services	—	57	**57**	52
Contractual Services	—	7	**7**	4
Grants and Distributions to Localities	—	7	**7**	11
Depreciation	—	6	**6**	8
Pension Fund Expenditures	221,110	—	**221,110**	201,857
Accrued Expenses	—	1	**1**	—
Other	—	141	**141**	238
Total Operating Expenses	221,110	3,324	**224,434**	204,788
Operating Income	215,358	311	**215,669**	158,541
Nonoperating Revenues (Expenses):				
Interest, Dividends, and Rent	194,420	308	**194,728**	183,874
Net Gain (Loss) on Sale of Investments	134,672	71	**134,743**	(1,786)
Loss on Sale of Fixed Assets	—	—	**—**	(3)
Other	—	(279)	**(279)**	(123)
Total Nonoperating Revenues	329,092	100	**329,192**	181,962
Income Before Operating Transfers	544,450	411	**544,861**	340,503
Net Operating Transfers	2,890	(16)	**2,874**	3,261
Net Income	547,340	395	**547,735**	343,764
Fund Balance, July 1, as adjusted	2,381,504	5,236	**2,386,740**	2,042,976
Fund Balance, June 30	$2,928,844	$ 5,631	**$2,934,475**	$2,386,740

See Notes to the Financial Statements.

Combining Statement of Changes in Financial Position Pension Trust and Nonexpendable Trust Funds

For the Fiscal Year Ended June 30, 1983

(Dollars in Thousands)

	Pension Trust	Nonexpendable Trust	Totals Year Ended June 30, 1983	Totals Year Ended June 30, 1982
Sources of Working Capital:				
Operations:				
Net Income	$547,340	$ 395	**$547,735**	$343,743
Items Not Requiring Working Capital:				
Depreciation	—	6	**6**	8
Amortization of Net Loss on Securities Exchanged	22,459	—	**22,459**	7,486
Loss on Sale of Fixed Assets	—	—	**—**	3
Working Capital Provided by Operations	569,799	401	**570,200**	351,240
Total Sources of Working Capital	569,799	401	**570,200**	351,240
Uses of Working Capital:				
Acquisition of Property, Plant, and Equipment	—	11	**11**	—
Increase in Long-Term Investments	568,805	8	**568,813**	294,454
Total Uses of Working Capital	568,805	19	**568,824**	294,454
Net Increase in Working Capital	$ 994	$ 382	**$ 1,376**	$ 56,786
Elements of Net Increase in Working Capital:				
Cash and Short-Term Investments	$ 6,483	$ 356	**$ 6,839**	$ 2,752
Short-Term Securities	(3,437)	98	**(3,339)**	51,005
Receivables	1,732	(46)	**1,686**	16,197
Inventories	—	71	**71**	22
Payables, Deposits, and Other Liabilities	(1,893)	(97)	**(1,990)**	(10,930)
Retirement Benefits Payable	(1,743)	—	**(1,743)**	(1,433)
Retirement Refunds Payable	(148)	—	**(148)**	(827)
Net Increase In Working Capital	$ 994	$ 382	**$ 1,376**	$ 56,786

See Notes to the Financial Statements.

General Fixed Assets Account Group

The General Fixed Assets Account Group is maintained to account for those fixed assets used in operations accounted for in governmental funds. Fixed assets of the proprietary fund types and similar trusts and of the Higher Education Fund are accounted for within those funds. The Commonwealth, over the past two years, has developed and implemented a fixed assets accounting and control system. Implementation of the system is not complete, however, at year end the General Fixed Assets Account Group included the majority of the land, buildings, and EDP equipment owned by the Commonwealth. These assets represent a materially significant percentage of the State's total fixed assets.

Analysis

The General Fixed Assets Account Group is stated at historical cost. At year end the general fixed assets recorded in the fixed assets accounting system totaled $560 million. Infrastructures, including highways, bridges, and rights-of-way, are not capitalized. No depreciation expense is recognized on general fixed assets, but accumulated depreciation is calculated and reported in order to reflect the book value of those fixed assets. The accumulated depreciation is offset in the Investment in General Fixed Assets line item on the Balance Sheet.

Schedule of General Fixed Assets by Source

June 30, 1983

(Dollars in Thousands)

General Fixed Assets:		
Land		$101,325
Buildings	$374,225	
Less: Accumulated Depreciation	(151,441)	222,784
Equipment	2,688	
Less: Accumulated Depreciation	(1,362)	1,326
Improvements other than Buildings	82,044	
Less: Accumulated Depreciation	(29,162)	52,882
Construction in Progress		3,734
Net General Fixed Assets		$382,051
Investments in General Fixed Assets from:		
General Obligation Bonds		$ 10,161
Federal Grants		2,221
Nonfederal Grants		44
General Fund Revenues		408,616
Special Fund Revenues		96,522
Gifts and Donations		14,639
Local Funds		12
Other Funds		31,801
Total Investment in General Fixed Assets at Cost		564,016
Less: Accumulated Depreciation		(181,965)
Net Investment in General Fixed Assets		$382,051

See Notes to the Financial Statements.

Schedule of General Fixed Assets By Function and Activity

June 30, 1983

(Dollars in Thousands)

Function and Activity	Total	Land	Buildings	Improvements Other Than Buildings	Equipment
Education	$ 29,958	$ 5,087	$ 24,843	$ —	$ 28
Administration of Justice	5,134	145	4,989	—	—
Individual and Family Services	183,026	26,203	152,104	2,912	1,807
Resources and Economic Development	53,675	33,469	19,201	393	612
Transportation	158,551	19,133	60,715	78,703	—
General Government	88,683	17,138	71,268	36	241
Capital Projects	41,255	150	41,105	—	—
Total General Fixed Assets Allocated to Functions	560,282	101,325	374,225	82,044	2,688
Less: Accumulated Depreciation	(181,965)	—	(151,441)	(29,162)	(1,362)
Net General Fixed Assets Allocated to Functions	378,317	$101,325	$222,784	$ 52,882	$ 1,326
Construction in Progress	3,734				
Net General Fixed Assets	$382,051				

See Notes to the Financial Statements.

Schedule of Changes in General Fixed Assets By Function and Activity

For the Year Ended June 30, 1983
(Dollars in Thousands)

Function and Activity	Initial Implementation	Acquisitions	Deletions	General Fixed Assets June 30, 1983
Education	$ 29,958	$ —	$ —	$ 29,958
Administration of Justice	5,134	—	—	5,134
Individual and Family Services	183,026	—	—	183,026
Resources and Economic Development	53,675	—	—	53,675
Transportation	158,551	—	—	158,551
General Government	88,683	—	—	88,683
Capital Projects	41,255	—	—	41,255
Construction in Progress	3,734	--	—	3,734
Total General Fixed Assets	$564,016	$ —	$ —	564,016
Less: Accumulated Depreciation				(181,965)
Net General Fixed Assets				$382,051

See Notes to the Financial Statements.

General Long-Term Obligations Account Group

The General Long-Term Obligations Account Group is utilized to account for the outstanding principal balances of the Commonwealth's long-term obligations not reported in the proprietary fund types or the Higher Education Fund. This includes general obligation bonds for capital projects and certain revenue-producing capital projects, which are all backed by the full faith, credit, and taxing power of the Commonwealth, as well as refunds payable on withheld income taxes. These refunds will be paid beginning in January 1984, out of collections made in fiscal 1984. Also included is the long-term debt of the Virginia Port Authority and the Virginia Public School Authority, which is not backed by the Commonwealth. The following are the bonds backed by the Commonwealth:

- *Higher Educational Institutions and Mental Hospitals and Institutions Bonds, Series 1969—issued in the amount of $81,000,000, payable in annual installments of $5,700,000 for 1971, and 1972, and $5,800,000 annually from 1973, through 1984. Interest of 4.50% through 4.70% is payable each February 1, and August 1.*
- *Transportation Facilities Bonds, Series 1973—issued in the amount of $103,000,000. $56,000,000 is payable in varying amounts from $7,000,000 to $8,750,000 annually through 1982, with interest of 4.25% through 6.00% payable June 1, and December 1. The remaining amount of $47,000,000 is payable June 1, 1993, with interest of 4.75%.*
- *Public Facilities Bonds, Series 1978—issued in the amount of $125,000,000, payable in annual installment of $6,575,000 through 1997, with an initial payment of $6,650,000 on August 1, 1979. Interest of 4.40% through 4.90% is payable each February 1, and August 1.*
- *Transportation Facilities Bonds, Series 1982—issued in the amount of $57,000,000. $26,000,000 is payable in varying amounts from $500,000 to $3,200,000 annually through 2000, with interest of 8% through 12% payable June 1, and December 1. The remaining amount of $31,000,000 is composed of term bonds, required to be redeemed beginning December 1, 2001, and each December 1, thereafter through 2007, in amounts varying from $3,500,000 to $5,000,000, with interest of 8.75%.*

Analysis

New bonds for certain revenue-producing capital projects, Transportation Facilities Bonds, Series 1982, were issued during fiscal 1983. Principal payments of $12.4 million were made on general obligation bonds during the year. As a result of Virginia's conservative stance on debt incurrence and other factors, Virginia is one of the few states to consistently maintain a "triple A" bond rating.

Statement of Changes in General Long-Term Obligations

For the Year Ended June 30, 1983
(Dollars in Thousands)

	Balance July 1, 1982	Issuances and Other Increases	Retirements and Other Decreases	Balance June 30, 1983
Long-Term Obligations Bearing the Pledge of the Full Faith and Credit of the Commonwealth:				
Article X, Section 9(b) and 9(c) Bonds:				
Higher Educational Institutions and Mental Hospitals and Institutions Bonds, Series 1969	$ 11,600	$ —	$ 5,800	**$ 5,800**
Transportation Facilities Bonds, Series 1973	47,000	—	—	**47,000**
Public Facilities Bonds, Series 1978	105,200	—	6,575	**98,625**
Transportation Facilities Bonds, Series 1982	—	57,000	—	**57,000**
Total Section 9(b) and 9(c) Bonds	163,800	57,000	12,375	**208,425**
Other Long-Term Obligations:				
Estimated Tax Refunds Payable on Withheld Income Taxes	170,826	182,799	170,826	**182,799**
Total Long-Term Obligations Bearing the Pledge of the Full Faith and Credit of the Commonwealth	334,626	239,799	183,201	**391,224**
Long-Term Debt Not Bearing the Pledge of the Full Faith and Credit of the Commonwealth:				
Virginia Port Authority Long-Term Debt	31,641	—	4,284	**27,357**
Virginia Public School Authority Bonds	198,785	18,275	16,175	**200,885**
Total	230,426	18,275	20,459	**228,242**
Total General Long-Term Obligations Account Group	$565,052	$258,074	$203,660	**$619,466**

See Notes to the Financial Statements.

Higher Education Fund

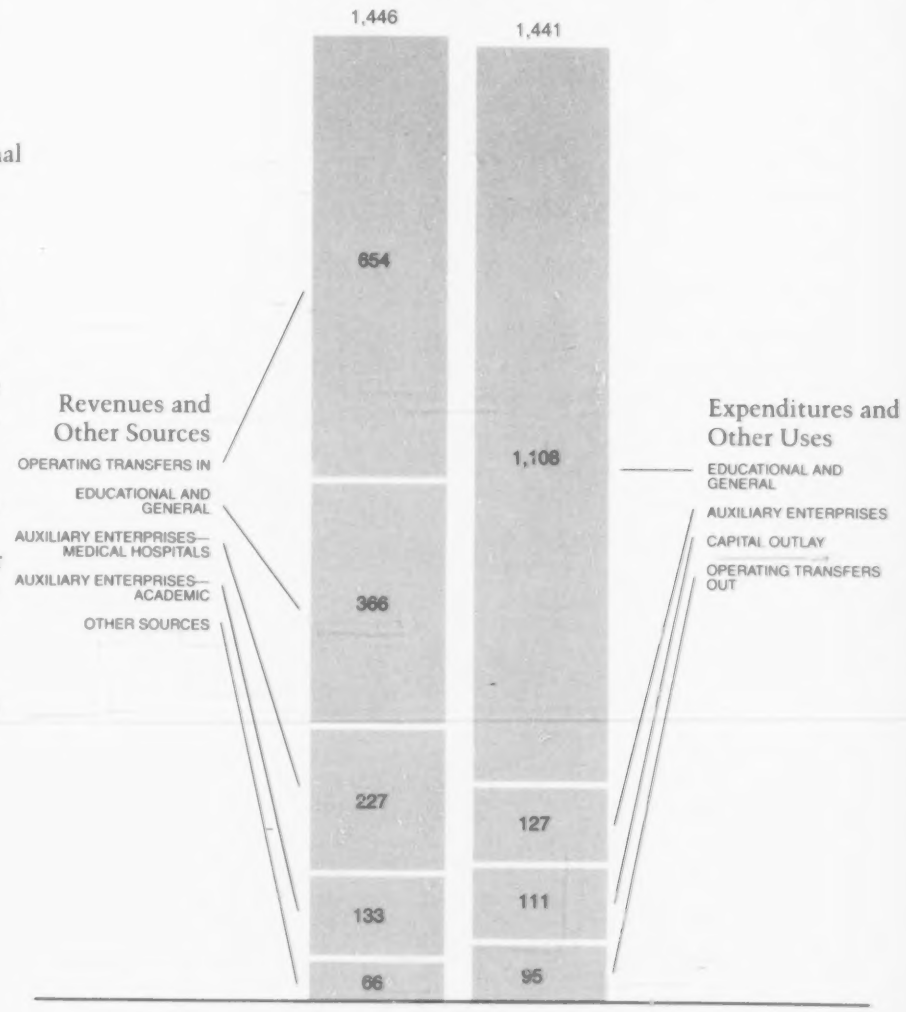
The Higher Education Fund is maintained to account for the resources received and used in the operation of the Commonwealth's institutions of higher education and the medical teaching hospitals administered by the governing boards of these institutions. Virginia has 15 four-year State colleges and universities, one two-year college, and two medical teaching hospitals. In addition, the Commonwealth has a community college system that is comprised of 23 two-year colleges.

Analysis

During 1983, the Higher Educational Institution Bond, Series 1983, was issued in the amount of $68.2 million. This bond is backed by the full faith and credit of the Commonwealth, as are all Higher Educational Institution Bonds issued after 1970. On these other Higher Educational Institution Bonds, $4.1 million of the principal was retired during the year.

In 1983, revenues and other sources totaled $1,446.4 million, composed primarily of transfers from other funds and education and general revenues. Expenditures and other uses, 77% of which is attributable to education and general expenditures, came to $1,441.3 million in 1983. The result of this activity was to contribute $5.1 million to the Higher Education fund balance.

Higher Education Fund
Revenues and Expenditures
Fiscal Year 1983
(DOLLARS IN MILLIONS)



Balance Sheet
Higher Education Fund

June 30, 1983, and 1982
(Dollars in Thousands)

	June 30, 1983	June 30, 1982
Assets		
Cash and Short-Term Investments	$ 75,310	$ 84,673
Cash and Investments with Trustees	6,822	—
Petty Cash and Travel Advances	380	232
Loans and Accounts Receivable (Net)	101,170	83,222
Property, Plant, and Equipment (Net)	641,845	—
Amount Available for the Retirement of Long-Term Debt	70,763	55,294
Amount to be Provided for the Retirement of Long-Term Debt	205,106	133,348
Total Assets	$1,101,396	$ 356,769
Liabilities and Fund Equity		
Liabilities:		
Accounts Payable	$ 65,430	$ 26,345
Accrued Interest Payable	1,967	4,980
Deposits Pending Distribution	53	20
Other Liabilities	80	80
Due to Other Funds	40,025	67,658
Deferred Revenue	19,550	17,606
Matured Interest Payable	1,234	7,173
Matured Debt Payable	1,738	5,102
Higher Education Bonds Payable—Section 9(b) and 9(c)	139,973	75,917
Other Higher Education Bonds Payable	132,924	100,450
Total	402,974	305,331
Net Accrual Adjustments	—	51,897
Total Liabilities	402,974	357,228
Fund Equity:		
Investment in Plant	641,845	—
Fund Balance:		
Reserved for Debt Service	6,822	—
Unreserved Fund Balance:		
Designated	15,982	(459)
Undesignated	33,773	—
Total Fund Equity	698,422	(459)
Total Liabilities and Fund Equity	$1,101,396	$ 356,769

See Notes to the Financial Statements.

Statement of Revenues, Expenditures, and Changes in Fund Balance Higher Education Fund

For the Fiscal Years Ended June 30, 1983, and 1982

(Dollars in Thousands)

	Year Ended June 30, 1983	Year Ended June 30, 1982
Revenues:		
Educational and General:		
Student Tuition and Fees	$ 202,500	$ 167,336
Governmental Grants and Contracts—Federal	110,591	119,240
Governmental Grants and Contracts—State Agencies	4,147	11,628
Governmental Grants and Contracts—Local	1,735	3,505
Gifts and Private Grants	23,931	21,524
Endowment Income	221	222
Sales and Services of Educational Departments	2,451	2,509
Indirect Costs Recovered	9,601	10,295
Other Sources	11,080	7,132
Total Education and General	366,257	343,391
Auxiliary Enterprises—Academic	133,190	114,304
Auxiliary Enterprises—Medical Hospitals:		
Patient Revenue—Per Diem Revenue	143,201	116,956
Patient Revenue—Other Fees	65,347	77,096
Other Medical Hospital Auxiliary Enterprises	18,594	2,947
Total Revenues	726,589	654,694
Expenditures:		
Educational and General:		
Instruction	394,594	354,753
Student Aid	128,231	128,249
Physical Health Services	158,464	137,956
Institutional Support Services	94,516	87,519
Academic Support	97,702	85,075
Operation and Maintenance of Plant	82,737	77,518
Administrative and Support Services	63,017	58,279
Student Services	40,717	36,849
Public Services	28,151	26,193
Research	18,731	17,895
Other Expenditures	599	171
Total Educational and General	1,107,459	1,010,457
Capital Outlay	110,696	91,181
Auxiliary Enterprises	127,427	108,799
Total Expenditures	1,345,582	1,210,437
Revenues Under Expenditures	(618,993)	(555,743)
Other Financing Sources (Uses):		
Appropriation Act Transfers	(256)	—
Proceeds from Sale of Bonds	59,373	21,184
Operating Transfers In	653,623	556,088
Operating Transfers Out	(95,430)	(26,977)
Net Increase in Assets Held by Trustees	6,822	—
Total Other Financing Sources (Uses)	624,132	550,295
Revenues and Other Sources Over (Under) Expenditures and Other Uses	5,139	(5,448)
Fund Balance, July 1, as adjusted	51,438	4,989
Fund Balance, June 30	$ 56,577	$ (459)

See Notes to the Financial Statements.

Statistical Section

Ten Year Schedule of Revenues Collected—Budgetary Basis All Funds by Source

(Dollars in Millions)

	Fiscal Year Ended June 30,									
	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974
Tax Revenues (Budgetary Basis):										
Individual and Fiduciary Income	$1,552.1	$1,446.1	$1,288.8	$1,103.0	$ 966.6	$ 874.8	$ 714.1	$ 614.6	$ 547.1	$ 469.0
Sales and Use	721.6	670.5	645.2	594.9	534.7	489.2	426.8	385.7	361.1	337.2
Motor Fuels	310.6	314.6	311.4	279.9	292.1	275.0	265.2	254.1	246.8	240.0
Corporation Income	183.2	177.0	182.3	193.8	196.2	164.8	159.2	130.4	117.1	106.4
Public Service Corporations	118.5	105.6	104.1	105.3	96.4	106.4	90.4	86.2	71.6	54.8
Payroll—Unemployment Compensation	199.0	172.9	141.7	107.8	95.2	88.9	73.6	38.1	16.4	21.1
Motor Vehicle Sales and Use	88.0	73.3	67.7	64.3	72.3	68.9	58.4	49.5	40.9	43.1
Gross Premiums of Insurance Companies	87.1	84.4	80.1	76.5	73.3	65.2	59.6	49.3	45.7	43.8
Alcoholic Beverage—Sales Tax	44.8	45.5	42.6	39.7	36.7	34.4	32.1	29.2	28.2	26.9
Deeds, Contracts, Wills, and Suits	37.6	29.0	31.8	30.6	32.9	29.8	24.8	19.5	16.0	18.1
Beer and Beverage Excise	33.7	33.1	32.8	31.5	31.3	29.6	27.5	21.1	19.9	18.7
Estate	17.8	21.4	19.5	26.5	25.3	23.1	18.8	17.2	18.2	18.6
Tobacco Products	17.5	17.8	17.9	17.3	17.5	17.9	17.8	17.6	16.8	17.0
Capital Not Otherwise Taxed	11.7	15.1	13.4	13.1	10.9	10.6	9.7	8.9	7.7	6.6
Bank Stock	2.3	2.6	1.8	2.0	2.8	3.1	3.7	3.8	3.5	3.3
Wine and Spirits/ABC Liter	3.8	3.0	3.7	3.7	3.8	3.1	3.2	2.9	2.5	2.4
Gifts—Resident and Nonresident	.1	.4	.3	.8	1.0	1.1	5.1	1.6	1.1	1.1
Other Taxes	101.9	26.6	21.4	15.7	19.0	27.6	5.2	4.4	3.3	2.1
Total Tax Revenues	3,531.3	3,238.9	3,006.5	2,706.4	2,508.0	2,313.5	1,995.2	1,734.1	1,563.9	1,430.2
Other Revenues (Budgetary Basis):										
Federal and Other Grants, Donations, and Federal Revenue Sharing	1,240.4	1,244.0	1,443.5	1,326.8	1,167.7	1,108.1	976.1	849.8	822.0	634.6
Institutional Revenue	734.7	669.7	589.0	511.9	438.2	408.6	374.0	325.6	292.0	228.6
Sales of Property and Commodities	261.5	258.0	247.2	235.0	217.8	233.6	195.0	203.7	199.4	188.2
Rights and Privileges	255.2	201.3	199.4	178.3	182.3	168.7	167.2	170.1	158.5	136.2
Interest, Dividends, and Rents	94.2	117.5	97.0	91.8	70.1	122.8	119.7	83.9	120.2	90.0
Fines, Forfeitures, Costs, Penalties, and Escheats	47.2	37.6	33.7	26.1	29.9	25.7	13.8	13.3	16.2	12.9
Assessments—Special Services	15.3	17.6	12.0	11.7	9.5	11.2	9.7	8.8	7.7	6.3
Other Revenues	123.7	134.5	173.5	125.9	156.3	76.2	60.6	29.4	35.0	33.1
Total Other Revenues	2,772.2	2,680.2	2,795.3	2,507.5	2,271.8	2,154.9	1,916.1	1,684.6	1,651.0	1,329.9
Total Revenues (Budgetary Basis)	$6,303.5	$5,919.1	$5,801.8	$5,213.9	$4,779.8	$4,468.4	$3,911.3	$3,418.7	$3,214.9	$2,760.1

Ten Year Schedule of Expenditures—Budgetary Basis
All Funds by Function and Budgetary Classification

(Dollars in Millions)

	Fiscal Year Ended June 30,									
	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974
Expenditures by Function (Budgetary Basis):										
Education	$2,170.2	$2,048.9	$1,916.3	$1,722.0	$1,602.5	$1,594.8	$1,473.2	$1,328.9	$1,218.9	$1,079.5
Administration of Justice	480.7	429.7	338.9	266.9	234.7	186.4	163.6	103.6	96.1	85.8
Individual and Family Services	2,043.9	1,991.6	1,853.0	1,594.4	1,372.8	856.2	782.1	706.0	653.0	519.6
Resource and Economic Development	165.2	156.0	144.5	125.9	114.1	297.8	289.6	295.8	227.4	109.8
Transportation	830.0	732.0	924.1	936.5	936.0	165.8	153.1	118.4	114.6	97.4
General Government	229.9	283.5	289.6	217.2	173.2	148.5	101.0	110.1	94.9	85.8
Enterprises	432.3	306.0	284.5	254.9	240.8	173.0	159.0	3.5	154.2	146.7
Capital Projects	177.7	147.7	157.9	146.3	108.9	673.3	532.7	524.7	628.4	598.0
Other	—	—	—	—	—	240.9	210.3	168.1	152.1	130.7
Total Expenditures (Budgetary Basis)	$6,529.9	$6,095.4	$5,908.8	$5,264.1	$4,783.0	$4,336.7	$3,864.6	$3,512.1	$3,339.6	$2,853.3
Expenditures by Budgetary Classification (Budgetary Basis):										
Personal Services	$1,941.4	$1,911.2	$1,727.7	$1,623.3	$1,514.8	$1,468.6	$1,312.6	$1,144.6	$1,049.9	$ 910.9
Medical and Other Contractual Services	954.5	1,060.9	930.0	830.2	735.7	709.6	603.2	487.0	461.0	354.7
Supplies and Materials	477.5	527.9	522.6	473.6	419.8	386.5	342.1	308.3	292.0	272.4
Grants and Distributions to Localities	2,406.3	1,922.7	1,916.5	1,557.5	1,401.4	1,209.8	1,108.7	1,028.7	958.4	836.0
Debt Service	46.4	54.9	51.7	45.4	39.7	—	—	—	—	—
Rent, Insurance, and Other Related Charges	174.5	111.5	108.4	102.3	97.2	221.8	229.7	248.5	192.1	89.0
Recoveries		(163.8)	(142.5)	(135.7)	(114.8)	(131.8)	(145.6)	(117.7)	(119.4)	(83.5)
Land, Equipment, and Other Fixed Assets	539.6	448.4	607.8	643.3	588.3	472.2	413.9	412.7	505.6	473.8
Trust Fund Expenditures	—	214.4	182.0	122.0	94.9	—	—	—	—	—
Other	(10.3)	7.3	4.6	2.2	6.0	—	—	—	—	—
Total Expenditures (Budgetary Basis)	$6,529.9	$6,095.4	$5,908.8	$5,264.1	$4,783.0	$4,336.7	$3,864.6	$3,512.1	$3,339.6	$2,853.3

Beginning on July 1, 1978, programmatic budgeting was implemented, causing a realignment of expenditure classifications from previous years. As of July, 1982, recoveries no longer have their own object code. They are now included in each of the expenditure categories. Likewise, the Trust Fund expenditures are now combined with Rent, Insurance, and Other Related Charges.

Schedule of Major Assistance To/On Behalf of Localities

For the Fiscal Year Ended June 30, 1983

(Dollars in Thousands)

School and Other Educational Assistance	$ 640,430
School Aid from State Sales and Use Tax	237,816
Assistance for Recipients of Aid from State Board of Welfare	363,584
Financial Assistance for Individual, Family, and Community Health Services	95,623
Assistance for Mass Transit, City Street Maintenance, and Arlington and Henrico Counties' Road Work	672,453
Assistance for Crime Detection, Investigation, Legal Advice, and Tax Valuation	111,257
Assistance for Mental Health and Mental Retardation Services	494
Assistance for Maintenance, Construction, Operation, and Confinement in/for Local Jail Facilities	37,646
Assistance from Operations of the Department of Alcoholic Beverage Control:	
Share of Alcoholic Beverage Control Net Profits	19,055
Share of Tax on Wine	3,083
Assistance Tax Valuation and Aid for Local Airports	8,604
Assistance for Water Quality Management, Planning, and Technical Aid	8,356
Assistance for Administration of Justice	2,403
Assistance for Planning Districts; Social Service Research and Planning; Economic Development Research; Planning and Coordination	3,597
Leisure and Recreation Services	3,994
Assistance for Individuals and Families from Office on Aging	7,595
Assistance for Promotion of Transportation Safety	4,059
Assistance for Public Libraries	10,026
Assistance from Tax on Mobile Homes and for the Disposal of Abandoned Motor Vehicles	3,365
Assistance for Registrar Compensation and Electoral Board Compensation and Expenses	2,185
Financial Assistance to Localities—General	49,587
Total	$2,285,212

Computation of Legal Debt Limit and Margin

June 30, 1983

	Fiscal Year Ended June 30,		
	1983	1982	1981
Computation of Legal Debt Limit			
Taxes on Income and Retail Sales:			
Individual and Fiduciary Income Tax	$1,552,147,8[illegible]1	$1,446,132,415	$1,288,762,975
Corporate Income Tax	183,215,161	176,965,682	182,301,322
State Sales and Use Tax	721,579,709	670,971,980	645,203,501
Total	$2,457,942,681	$2,294,070,077	$2,116,267,798
Average for the three fiscal years		$2,289,093,519	
Debt Limit (1.15 times this average)		$2,632,457,547	
State General Obligation Debt for Capital Projects			
Debt Limit		$2,632,457,547	
Bonds Outstanding:*			
Higher Educational Institutions Bonds—Series 1969	$ 4,800,000		
Mental Hospitals and Institutions Bonds—Series 1969	1,000,000		
Public Facilities Bonds—Series 1979	98,625,000	104,425,000	
Debt Margin (Remaining Limit Subject to Additional Borrowing Restriction below)		$2,528,032,547	
Additional Borrowing Restriction:			
Special authorization limit—25% of $2,632,457,547		658,114,387	
Total Special Authorization Limit (Amount that could be Authorized by the General Assembly in the 1984 Session):		$ 658,114,387	
State Debt for Certain Revenue-Producing Capital Projects			
Debt Limit		$2,632,457,547	
Bonds Outstanding:*			
Higher Educational Institutions Bonds—Series 1971	$ 14,250,000		
Higher Educational Institutions Bonds—Series 1973	12,035,000		
Transportation Facilities Bonds—Series 1973	47,000,000		
Higher Educational Institutions Bonds—Series 1976	14,915,000		
Higher Educational Institutions Bonds—Series 1979	13,430,000		
Higher Educational Institutions Bonds—Series 1981	4,722,000		
Higher Educational Institutions Bonds—Series 1982	12,420,000		
Transportation Facilities Bonds—Series 1982	57,000,000		
Higher Educational Institutions Bonds—Series 1983	68,201,000	243,973,000	
Debt Margin (Remaining Borrowing Limit)		$2,388,484,547	

*Bonds included on this schedule are only those which are backed by the full faith and credit of the Commonwealth.

Balance Sheet—Cash Basis
General Fund

June 30, 1983, and 1982
(Dollars in Thousands)

	June 30, 1983	June 30, 1982
Assets		
Cash and Short-Term Investments	**$ 26,640**	$105,312
Petty Cash and Travel Advances	**3,631**	3,619
Due from Other Funds	**55,406**	89,337
Other Receivables and Assets	**1,387**	—
Loans Receivable from Proprietary Funds	**15,375**	15,780
Total Assets	**$102,439**	$214,048
Liabilities and Fund Equity		
Liabilities:		
Deposits Pending Distribution	**$ 292**	$ 191
Deferred Revenue	**262**	642
Total Liabilities	**554**	833
Fund Equity:		
Fund Balance:		
Reserved	**20,170**	21,925
Unreserved:		
Designated	**81,715**	150,693
Undesignated	**—**	40,597
Total Fund Equity	**101,885**	213,215
Total Liabilities and Fund Equity	**$102,439**	$214,048

Projected Amount Available for Appropriation at June 30, 1984—Budgetary Basis—General Fund

(Dollars in Thousands)

Unreserved Fund Balance, June 30, 1982, per Published Annual Report of the Comptroller		$ 191,290
Net Decrease in Unreserved Fund Balance for the fiscal year ended June 30, 1983		(109,575)
Unreserved Fund Balance, June 30, 1983 (Budgetary Basis)		$ 81,715
Revenue Estimate per Chapter 622, 1983 Acts of Assembly	$3,365,598	
Less: Budgeted Appropriations (Operating Only), per Chapter 622, 1983 Acts of Assembly	(3,277,110)	88,488
Projected Excess of Revenues Over Expenditures at June 30, 1984		170,203
Other Requirements:		
Reappropriation of 1982-83 Unexpended Items Carried Forward for Expenditure in 1983-84:		
Capital Outlay (Unexpended Balances)	$ 115,957	
Capital Outlay (Amounts to be reactivated in accordance with Section 4-1.06 a.2. of Chapter 622, 1983 Acts of Assembly)	8,614	
Operating Accounts Required by Chapter 622, 1983 Acts of Assembly	3,608	
Operating Accounts (Estimated)	39,642	
ABC Distributions Guaranteed by Section 4-22 of the Code	2,382	170,203
Projected Amount Available for Appropriation at June 30, 1984		$ –0–

Comparison of Sum-Sufficient Estimated Appropriations With Actual Expenditures—General Fund

For the Fiscal Year Ended June 30, 1983

(Dollars in Thousands)

	Estimated Appropriations	Actual Expenditures	Amount (Over) Under Estimate
Enactment of Laws	$ 8,405	$ 4,331	$ 4,074
Financial Assistance to Localities—From Sale of Alcoholic Beverages	24,111	22,138	1,973
Financial Assistance for Special State Revenue Sharing (Sales Tax)	233,100	237,816	(4,716)
Social Security Benefits (local)	68,445	69,702	(1,257)
Group Life Insurance (local)	2,885	2,986	(101)
Totals	$336,946	$336,973	$ (27)

Graphic design: Office of Graphic Communications, Division of Purchases & Supply, Department of General Services, Commonwealth of Virginia.